

# LKP Finance Limited

*(Formerly LKP Merchant Financing Limited)*



**ANNUAL REPORT 2008-2009**



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Annual General Meeting on 2nd June, 2009 at 10.30 a.m.  
at M. C. Ghia Hall, Hargovindas Building, 18/20,  
Kaikhushru Dubash Marg, Mumbai - 400 001.

# LKP FINANCE LIMITED

## **Board of Directors :**

Mr. M. V. Doshi- *Executive Chairman*

Mr. M. S. Bhise

Mr. V. N. Suchanti

## **Company Secretary :**

Mr. G. B. Innani

## **Auditors :**

Ford, Rhodes, Parks & Co.,

Sai Commerical Building,

312 / 313, 3rd Floor,

BKS Devshi Marg,

Govandi (East),

Mumbai - 400 088.

## **Registered Office :**

203, Embassy Centre,

Nariman Point,

Mumbai - 400 021.

Tel. : 4002 4785 / 4002 4786

Fax : 2287 4787

## **Registrar & Shares Transfer Agent :**

Adroit Corporate Services Pvt. Ltd.

19, Jaferbhoy Industrial Estate,

1st Floor, Makavana Road,

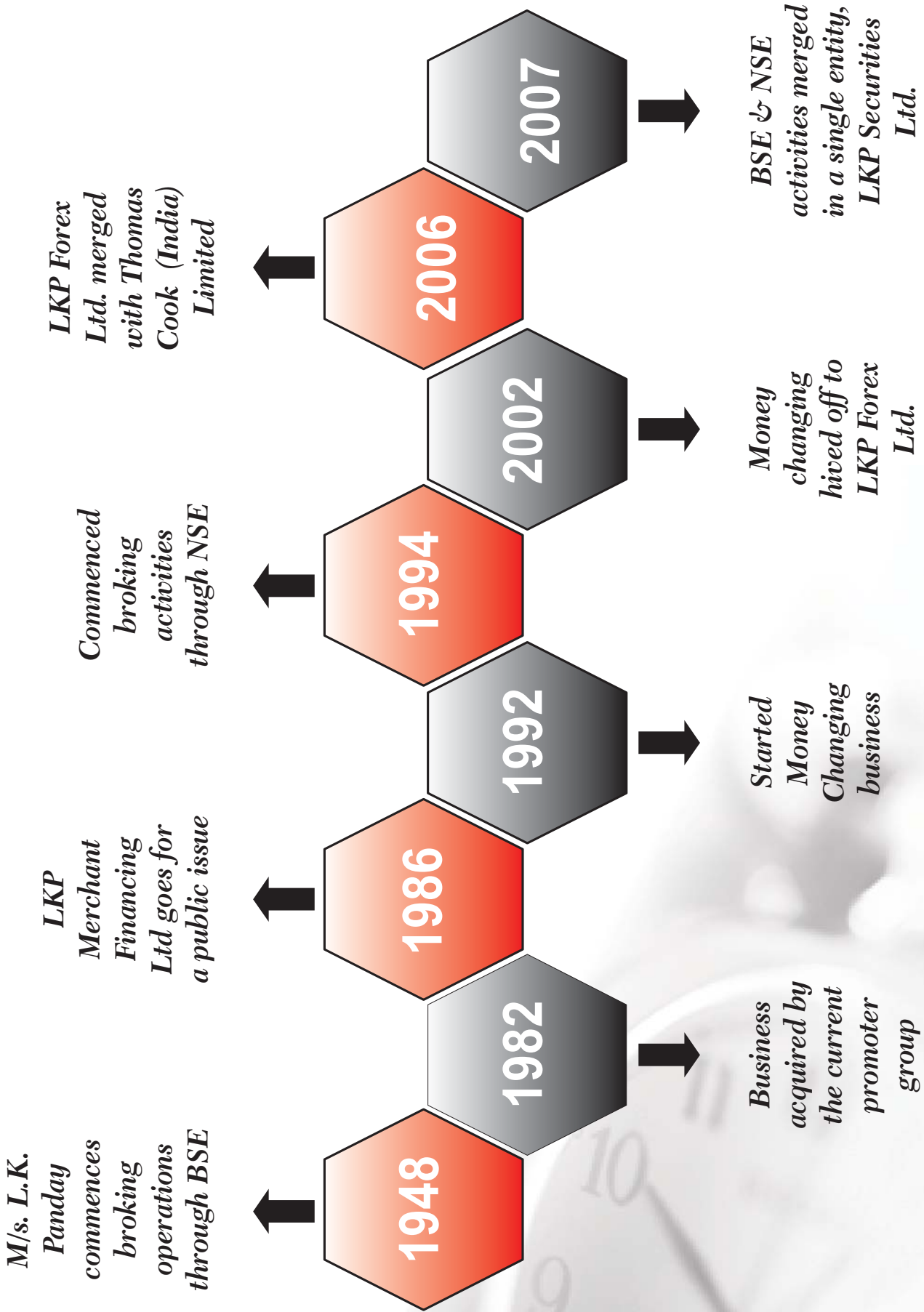
Marol Naka, Andheri (East),

Mumbai - 400 059.

Tel. : 28590942 / 28594060



# KEY MILESTONES



# CHAIRMAN'S STATEMENT



Dear Shareholders,

I welcome all of you to the Twenty Fifth Annual General Meeting of your Company. I am sure you have all received the Annual Report for the financial year ended 31st March, 2009.

## **Global Economic Scenario**

Financial Year 2008-09 had been an unprecedented year in many respects. We have seen global financial markets turmoil leading to huge sell-off by the FIIs in the emerging markets, including India. We have seen financial giants like Citibank, Morgan Stanley, Bank of America and host of other banks melting down and were bailed out. Similar situation arose in other developed geographies like UK, France, Italy, Australia, Japan etc. India, which has seen net FII investment in past 5-6 years, has seen for the first time net FII outflow to the tune of Rs. 535 bn. during the year 2008.

## **Indian Stock Markets**

From the peak of 21207 in January, 2008 the Sensex went to a low of 7,697 in October 2008. We have seen an over-reaction in our markets, despite minimal problems in our economy as compared to other markets.

Volumes in the stock markets took a big hit, with practically no participation from retail segment and very limited participation from the institutional investors. Almost throughout the year, the market volumes were low, leading to lower brokerage income and LKP was not an exception to this either. The sentiment and confidence of investors was very low which was reflected in the fact that we hardly saw any IPO/FPO during this period.

## **Company's Performance**

As far as your Company is concerned, the financial year 2008-2009 was a remarkable year. During the financial year the Company has divested a major portion of its holdings in the equity shares of Thomas Cook (India) Ltd, received pursuant to the merger of LKP Forex Limited with Thomas Cook (India) Limited by tendering them under the open offer announced by Thomas Cook (UK) Ltd. Your company is having comfortable financial position.

To utilize the cash surplus effectively and advantageously the Company has decided to buy back it's own equity shares through open market purchases on the BSE. The buy back is expected to reduce the outstanding number of equity and consequently increase the earnings per share over a period of time and improve key return ratios like return on net worth, return on assets etc.

LKP Securities Ltd. a subsidiary Company is offering all capital market services under one umbrella and is presently operating more than 300 outlets including sub-brokers which are spread over 130 cities and towns in India. We have planned to add more branches and cover many more locations during this year to enable the Company to tap the investor community even in small towns. I am sure that our strategy of offering broking services to the retail market will add value by gaining market share, which is very essential element to sustain growth during the challenging times.

Your Board of Directors are pleased to recommend a special dividend of Rs. 5/- per equity share being the Silver Jubilee Year of the Company in addition to a dividend @ Rs. 2/- per equity share of the Company for the financial year ended 31st March 2009.

## **Outlook**

With a stable government having been elected we are now more optimistic about the government's ability to implement reforms, which had taken a back seat during the past five years. We expect FIIs and Domestic Financial Institutions to infuse money into Indian equities in 2009, which will improve trading volumes and enthuse retail investors which in turn spell better times for stock markets.

I look forward to the coming year with a great deal of optimism and confidence. A strong balance sheet backed by operational liquidity coupled with prudent asset liability management becomes a differentiating factor to avail the opportunity and face the challenges.

I would like to express my gratitude to our Board of Directors for their continued support and guidance, and to the employees for their valuable contribution. I am also grateful to shareholders who have reposed their confidence and given us constant support.

Thanking you,

**M. V. Doshi**

June 2, 2009

Mumbai

# NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of LKP Finance Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001 on Tuesday, 2nd June 2009 at 10.30 a.m. to transact the following business:

## ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 and Report of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Milan S. Bhise, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Auditors and to fix their remuneration.

## NOTES:

- (1) A member, entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself, to attend and to vote on a poll and the proxy need not be a member of the Company.
- (2) Proxy, in order to be effective, shall be deposited at any time at the registered office of the Company, but not less than 48 hours, before the commencement of the meeting.
- (3) The Register of Members and Share transfer books will remain closed from 27th May 2009 to 2nd June 2009 (both days inclusive).
- (4) The Dividend as recommended by the Board of Directors if approved by the shareholders will be payable on or after 3rd June 2009.
- (5) Any change in the address of the members may be intimated to the Company's Share Transfer Agents.

By Order of the Board of Directors

Mumbai

(M. V. Doshi)

Date: 5th May 2009

Executive Chairman



# DIRECTORS' REPORT

The Directors present the Twenty Fifth Annual Report and Audited Accounts of the Company for the year ended March 31, 2009.

<b>FINANCIAL RESULTS</b>	<b>2008 - 2009</b> <b>(Rs. in lacs)</b>	<b>2007 - 2008</b> <b>(Rs. in lacs)</b>
Operating Profit /(loss)	<b>9267.54</b>	(574.67)
Less : Extraordinary Debits / Credits (Net)	—	5734.18
Profit / (Loss) before tax	<b>9267.54</b>	5159.51
Less/(Add): Provision for Tax & Fringe Benefit Tax	<b>726.32</b>	(927.64)
Add : Tax relating to earlier years (net)	—	118.91
Profit / (Loss) after tax	<b>8541.22</b>	4350.78
(Loss) brought forward from previous year	<b>642.64</b>	(2908.76)
Amount available for appropriation	<b>9183.86</b>	1442.02
<b>APPROPRIATIONS:</b>		
Proposed Dividend	<b>889.79</b>	256.00
Tax on Dividend	<b>151.22</b>	43.39
Transfer to Capital Redemption Reserve Account	<b>8.87</b>	
Transferred to General Reserve	<b>5000.00</b>	500.00
Balance carried to Balance Sheet	<b>3133.98</b>	642.64

## DIVIDEND

The Board of Directors are pleased to recommend a dividend @ Rs. 2/- per equity share of the Company for the financial year ended 31st March 2009 and a special dividend of Rs. 5/- per equity share being the Silver Jubilee Year of the Company. The total dividend recommended for the financial year 2008-2009 is Rs. 7/- per share. The total cash outflow on account of dividend & tax thereon Rs. 1041.01 lacs.

## PERFORMANCE REVIEW

The Company's total income has increased from Rs. 1,037.31 lacs to Rs. 10,188.99 lacs and profit after tax Rs.8541.22 lacs against the profit of Rs. 4350.78 lacs of the previous year.

During the year under review the Company has divested major portion of its holdings in the equity shares of Thomas Cook (India) Ltd, received pursuant to the merger of LKP Forex Limited with Thomas Cook (India) Limited by tendering them under the open offer announced by Thomas Cook (UK) Ltd.

The Company continues its efforts to generate non-fund based business. Also your Company continues to make all efforts to recover over-dues from the clients by negotiations or by resorting to legal recourse.

## BUY-BACK

The consent of the Members was obtained by way of a special resolution passed on 22nd January 2009, as per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, for buy-back of equity shares of the Company under Section 77A of the

Companies Act, 1956, upto a maximum amount of Rs. 945 lacs being less than 25% of the paid up equity share capital and free reserves of the Company as on March 31, 2008 at a price not exceeding Rs. 90/- per share.

Pursuant to the aforesaid consent the Company has bought-back from the Open Market on the Bombay Stock Exchange Limited 97,168 equity shares upto March 31, 2009 at an average price of Rs 54.52 per share. Out of the shares bought-back, 88,737 equity shares have been extinguished till March 31, 2009. Hence the paid up equity share capital of the company as on March 31, 2009 stands reduced by Rs 8,87,370 to Rs. 12,71,12,630 divided into 1,27,11,263 equity shares of Rs. 10/- each.

#### **FIXED DEPOSITS**

The Company has no public deposits as of date and will not accept any deposits without prior approval of the Statutory Authorities concerned.

#### **SUBSIDIARY COMPANY**

Pursuant to Section 212 of the Companies Act, 1956, the relevant Statement along with the Directors Report and the Audited Statement of Accounts of LKP Securities Ltd., a subsidiary of the Company is appended to this report.

#### **STATUTORY DISCLOSURE**

The Particulars of Employees falling within the scope of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all shareholders of the Company excluding the above Statement. Any shareholder interested in obtaining a copy of the said Statement may write to the Company at its Registered Office.

The provisions of Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy and technology absorption do not apply to your Company. There is no foreign exchange earnings and outgo during the year under report.

#### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Milan S. Bhise retires by rotation and being eligible offers himself for reappointment.

#### **AUDITORS' REPORT**

M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Mumbai, retire at the conclusion of the forthcoming Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are 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 of the Company for that period;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability ;

iv) the Directors have prepared the annual accounts on a going concern basis.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard AS-21, the Consolidated Financial Statements are furnished herewith and form part of this Report and Accounts. These statements have been prepared on the basis of audited financial statements received from the Subsidiary Company as approved by its Board of Directors.

### CORPORATE GOVERNANCE

The Report on Corporate Governance along with a Certificate of compliance from the Auditors and Management Discussion and Analysis Report forms part of this Report.

### ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere appreciation to Shareholders and Employees for their co-operation and support.

**For and on behalf of the Board of Directors**

Mumbai

(M. V. Doshi)

Date: 5th May 2009

Executive Chairman

**Statement Pursuant to Section 212 of the Companies Act, 1956  
Giving Requisite Particulars of its Subsidiary Companies**

1. Name of the Subsidiary Company	LKP Securities Ltd
2. Financial Year ending	31.3.2009
3. Date from which the Company became a subsidiary.	1.4.95
4. Extent of Holding Company's interest in the subsidiary Company's Shareholding (in %)	97.69
	<u>Rs in Lacs</u>
5. Net aggregate amount of the Subsidiary's profits after deducting its losses or vice versa so far it concerns members of the Holding Company.	
-- Profits/Losses not dealt with in the Holding Company Accounts	
a. for the financial year of the subsidiary	(670.10)
b. for the previous financial years since it became the Holding Company's Subsidiary Profits dealt with or (Losses) provided for in the holding Company Accounts.	130.55
a. for the financial year of the Subsidiary	--
b. for the previous financial years since it became the holding Company's subsidiary	-

For and on behalf of the Board of Directors

*Executive Chairman* **M. V. Doshi**

*Director* **M. S. Bhise**

*Director* **V. N. Suchanti**

Mumbai

Dated : 5th May, 2009.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry structure and developments

The movements of the stock markets impact your Company being an investment Company. Financial Year 2008-09 is likely to be considered the worst year for the capital market with dampening investor's confidence, with one of the biggest corporate scams hitting Indian bourses. The euphoria seen during the last 3-4 years was cut short after the US sub-prime issue came to light. The various stimulus packages announced by the US government to check its financial system and rate cuts to bail industries and the economy out of recession have failed to have the requisite impact. In the Indian context, the country's WPI inflation rate soared to 12.91 per cent in August 2008 before cooling to less than 1% recently. The rapid economic slowdown has prompted Reserve Bank of India to cut key rates and the government to announce incentives for the realty and go on additional infrastructure spending. There has been an outflow of liquidity from the equity markets and Indian companies have found it difficult to access funds for expansion. This has adversely impacted sentiment in the Indian stock markets.

## Opportunities and Threats

Your Company being an investment Company seeks opportunities in the capital market. The fall in the stock indices in the last financial year represents both an opportunity and challenge for the Company.

The business of subsidiary company i.e. LKP Securities Ltd. is affected by adverse sentiment in the stock markets. The Company has taken several steps to mitigate the negative impact.

The company is one of the reputed broking houses of the country, having presence across more than 350 locations in India. Company is empanelled with most of the reputed domestic financial institutions including life and non insurance companies, mutual funds, foreign financial institutions and corporates, apart from having large number of HNI and retail clients. The likely increase in capital mobilisation from the primary market, increase in resource mobilisation by mutual funds, phenomenal growth in secondary market volumes, introduction of new products like mini derivative contracts & Securities Lending & Borrowing Scheme, introduction of new instruments in the F & O segment, etc provide significant business opportunities for our Company. The Indian Financial Market has a very high growth potential. The macro economic fundamentals are sound to allow the economy to make rapid strides. Economic expansion will result in greater disposable incomes and larger number of investors. There is a significant growth opportunity for subsidiary Company in this scenario.

## Segment-wise Performance

The Company being a holding Company is engaged in investment activities and other financial services during the year under review, hence the requirement of segment-wise reporting is considered irrelevant.

## Outlook

The outlook for the Company's business, depends on the performance of the Stock Markets, which is very difficult to comment upon. The stock markets, which have remained buoyant with significant growth in the business volume in 2007-2008, have seen a sharp fall in the year 2008-2009. If the recent recovery of the stock market continues we can look forward for a good year.

The political stability is essential to restore the confidence of Investors and FIIs which would result in a substantial increase in the volume of business in the stock market.

**Risks and Concerns**

The stock broking industry has recently witnessed intense competition, falling brokerage rates and the entry of several big players. Company continues to achieve cost efficiencies through the application of technology. However with the availability of financial resources, we are hopeful that the Company will be able to take the opportunities of the expanding business opportunities.

The Capital market industry in which your Company is operating is subject to extensive regulation. The Company evaluates the technological obsolescence and the associated risk and makes investment accordingly

**Internal Control Systems and their adequacy**

The Company has satisfactory internal control system, the adequacy of which has been mentioned in the Auditors' Report.

LKP Securities Ltd. has an adequate system of internal controls to ensure accuracy of accounting records, compliance with all laws & regulations and compliance with all rules, procedures & guidelines prescribed by the management. An extensive internal audit is carried out by independent firms of Chartered Accountants in branches and head office. An internal team of inspection also regularly visits branches for ensuring regulatory compliance. Post audit reviews are also carried out to ensure follow up on the observations made.

**Financial Performance with respect to Operational Performance****Share Capital**

The Company has bought-back from the Open Market on the Bombay Stock Exchange Limited 88,737 equity shares which have been extinguished till March 31, 2009. Hence the paid up equity share capital of the Company as on March 31, 2009 stands reduced by Rs 8,87,370 to Rs. 12,71,12,630 divided into 1,27,11,263 equity shares of Rs. 10/- each.

**Reserve and Surplus**

During the year Reserve and Surplus increased from 3515.73 lacs to 10956.32 lacs, on account of increase in the profit.

**Investments**

During the year under consideration total investment increased to Rs. 6288.75 lacs as against 1806.55 lacs in the previous year.

**Loan**

During the year Company has obtained secured loan amounting to Rs. 5323.64 lacs which is largely secured against Fixed Deposit Receipts and properties of the Company.

**Total Income**

During the year under consideration total income was Rs. 10188.99 lacs as against 1037.31 lacs of the previous year.

**Other Income**

During the year under consideration other income was Rs. 342.58 lacs as against 672.32 lacs of the previous year.

**Interest and Finance Charges**

During the year under consideration total interest and finance Charges was Rs. 334.20 lacs as against 16.96 lacs of the previous year. The said increased is largely due to loan availed during the year by the Company.

**Provision for Tax**

During the year under consideration the provision for tax was Rs. 1025 lacs as against Rs. 925 lacs of the previous year.

**Human Resources**

There has been no material development on the Human Resource/Industrial Relations front during the year. As on 31st March 2009 there are 113 employees employed by the Company.

LKP Securities Ltd. places significant importance to its human capital. As on 31st March 2009 there are 391 employees employed by the Company. The company believes in sharing based on performance & potential. Hence the Company has approved ESOPs for its Key Employees in recognition of their performance and as a measure of retention. The company has also provided medical insurance for its employees and family members as a welfare measure. The company has been paying special attention to improve the skill set of the employees through various training programs. All employees are encouraged and motivated to get themselves certified in relevant industry standard certifications such as CFP, NCFM, BSEC & AMFI.

**For and on behalf of the Board of Directors**

Mumbai

**(M. V. Doshi)**

Date: 5th May 2009

Executive Chairman

# REPORT ON CORPORATE GOVERNANCE

## 1. Company's philosophy on Corporate Governance

The LKP Group, to which the Company belongs, is committed to ethical values and self discipline through standards of good governance aiming at efficient conduct of the business in meeting its obligations to the shareholders. The Board of Directors of the Company has adopted the Code of Conduct for its members and senior management executives.

## 2. Board of Directors

### Composition

The composition and category of Directors as on 31st March 2009 are as follows:

Category	Name of Directors	Designation
Promoter	Mr. M. V. Doshi	Executive Chairman
Independent	Mr. Milan S. Bhise	Director
Independent	Mr. Vineet N. Suchanti	Director

The Board has accordingly optimum combination of Executive and Non-Executive Directors and Independent and Non-Independent Directors. Non-Executive Directors of your Company have no pecuniary relationship or any transaction with your Company. Non-Executive Directors are not paid any remuneration.

Attendance at Board Meetings and last Annual General Meeting.

Director	No. of Board Meetings Attended	Whether Attended last AGM
Mr. M. V. Doshi	7	Yes
Mr. Milan S. Bhise	7	Yes
Mr. Vineet N. Suchanti	6	Yes

### Other Board or Committee in which each Director is a member or chairman

Name of Director	Directorship in other companies	No of committees in which Chairman / Member	
Mr. M. V. Doshi	9	1	2
Mr. Milan S. Bhise	Nil	-	-
Mr. Vineet N. Suchanti	9	-	-

### Profile of Director being Re-appointed:

Name	Mr. Milan Suryakant Bhise
Age	47 Years
Date of Appointment	26th July, 2001
Qualification	M. A., LL.B., D.M.S.
Expertise	Vast experience in the field of Corporate Laws and Legal Matters. He is practicing as an Advocate and proprietor of M/s. Milan Bhise and Co.
Other Directorships	Nil
*Chairman / Member of Committee of the Board of the Companies on which he is a Director as on 5th May 2009.	➤ LKP Finance Ltd.  i. Shareholders Grievance Committee - Chairman  ii. Audit Committee - Member

**Board Meeting**

In financial year 2008-2009, the Board met seven times. The Board meetings were held on 16th April 2008, 30th June 2008, 29th July 2008, 21st October 2008, 15th December 2008, 10th January 2009 and 22nd January 2009.

**3 Audit Committee**

The Board has set up Audit Committee having two Independent Directors Mr. Milan S. Bhise and Mr. Vineet N. Suchanti are members. Mr. Vineet N. Suchanti is the Chairman of the Audit Committee and was present at the last Annual General meeting. Mr. M. V. Doshi is also a member of Audit Committee.

Audit Committee meetings were held on 30th June 2008, 29th July 2008, 21st October 2008 and 17th January 2009. All the members have attended the aforesaid meetings. The Statutory Auditors were the invitees to the above meetings. The scope of activities and powers of Audit Committee includes the areas prescribed under the Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956.

**4. Remuneration of Directors**

During the year under review the Company has paid Rs. 36 lacs towards remuneration to Mr. Mahendra V. Doshi, Executive Chairman of the Company pursuant to the special resolution passed by members at the 23rd Annual General Meeting held on 6th August 2007. At present, Independent Directors are not paid any remuneration.

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**Sitting Fees paid to Directors for attending Board Meetings**

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1.	Mr. Milan S. Bhise	Rs. 29,000/-
2.	Mr. Vineet N. Suchanti	Rs. 24,000/-
3.	Mr. M. V. Doshi	Nil

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**5. Shareholders Grievance Committee**

The Board has set up Shareholders Grievance Committee having two Independent Directors Mr. Milan S. Bhise and Mr. Vineet N. Suchanti as members. Mr. Milan S. Bhise is the Chairman of the said Committee. Mr. Girish Innani, Company Secretary of the Company is compliance officer. During the year 15 shareholders' complaints were received. There is no complaint which has remained unaddressed. No transfer of shares is pending as on date.

M/s. V. R. Associates, Practicing Company Secretaries is conducting Secretarial Audit for the Company.

**6. Buy-Back Committee**

To implement the process of buy-back of equity shares of the Company under Sections 77A, 77AA, 77B and all other applicable provisions of the Companies Act, 1956 and in compliance with the requirements of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 the Board of Directors in their meeting held on 15th December 2008, constituted Buy-Back Committee of Directors consisting Mr. M. V. Doshi and Mr. Milan S. Bhise as the Members of said Committee. Mr. M. V. Doshi is acting as the Chairman of the Committee.

Buy Back Committee is authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper and consider to be in the best interests of the shareholders.



## 7. General Body Meetings

The particulars of last three years Annual General Meetings are as under:

Financial Year	Day	Date	Time
2007-2008	Saturday	9th August, 2008	10.30 a.m.
2006-2007	Monday	6th August, 2007	10.30 a. m.
2005-2006	Saturday	2nd September, 2006	10.30 a. m.

### Location:

All the above Annual General Meetings of the Company were held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001.

### Business

Year	Special Resolution passed.
2007-2008	1. To approve Change of Name of the Company as LKP Finance Limited.
2006-2007	1. To approve the payment of Remuneration to Shri M. V. Doshi, Executive Chairman.
2005-2006	1. To reappoint Shri M. V. Doshi as Executive Chairman. 2. To Amend Articles of Association in respect of provision of Nominee Director. 3. To acquire the Share of LKP Shares and Securities Ltd.

An Extra-ordinary General meeting was held on 4th February 2008, where Special Resolution was passed by members under section 81(1A) of the Companies Act, 1956 to issue and allot 10,00,000 Warrants to the Company's promoters group.

During the last year the following business that had been conducted through a postal ballot and for which Special Resolutions were passed.

1. Other Objects Clause i.e. III C of the Memorandum of Association of the Company altered by inserting the following new clause 45 and to commence and carry on all or any of the new business and activities of said new clause pursuant to section 149(2A) of the Companies Act, 1956.

To carry on business of trading in commodities and commodity derivatives/spot through any Commodity Exchange/s.

Detail of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	164	8157577	-
b)	Less: Invalid Postal Ballot Forms	4	404	-
c)	Net Valid Postal Ballot Forms	160	8157173	100.00
d)	Postal Ballot Forms with assent for the Special Resolution	152	8154898	99.97
e)	Postal Ballot Forms with dissent for the Special Resolution	8	2275	0.03

2. Buy-back of equity shares of the Company under Sections 77A, 77AA, 77B and all other applicable provisions of the Companies Act, 1956.

Detail of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	164	8157577	-
b)	Less: Invalid Postal Ballot Forms	5	11764	--
c)	Net Valid Postal Ballot Forms	159	8145813	100.00
d)	Postal Ballot Forms with assent for the Special Resolution	153	8144488	99.98
e)	Postal Ballot Forms with dissent for the Special Resolution	6	1325	0.02

Mr. Nishant Jawasa, Proprietor of M/s Nishant Jawasa & Associates, Practicing Company Secretary, Mumbai, had acted as scrutinizer for conducting the postal ballot exercise.

The Company had adopted the procedure for postal ballot as prescribed in Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

The result of the voting by Postal Ballot was announced on January 22, 2009 at 5.00 p.m. at the Registered Office of the Company at 203, Embassy Centre, Nariman Point, Mumbai - 400 021, and was also intimated to Bombay Stock Exchange Limited.

At present, the Company does not have any resolution to be decided by the members by postal ballot.

## 8. Disclosure

1. There are no related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives other than that mentioned in notes to the accounts. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board for its approval.
2. During the last three years, there were no strictures or penalties imposed either by Securities and Exchange Board of India or the Stock Exchanges or any regulatory authority for non-compliance of any matter related to the capital market.
3. No personnel have been denied access to the Chairman or members of the Audit Committee. The mechanism of Whistle Blower Policy is not established.
4. To the extent possible, the Company has complied with the mandatory requirement of this clause.

## 9. Means of Communication

1. The financial results of all four quarters were published in The Financial Express and Mumbai Lakshyadeep dailies. These were not sent individually to the shareholders.
2. The Company's results or official news are not displayed on a web site. There were no presentations made to the institutional investors or to the analysts.
3. The Management, Discussion and Analysis Report forms a part of this Annual Report.

## 10. General Shareholder Information

AGM Date, Time and Venue	Tuesday, 2nd June 2009 at 10.30 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001.
Financial Calendar	April to March Announcement of Audited/Un-audited Results (tentative) 1st Quarter - Last week of July 2nd Quarter - Last week of October 3rd Quarter - Last week of January 4th Quarter - Last week of June
Book Closure	May 27, 2009 to June 2, 2009 (both days inclusive)
Dividend payment date	On or after 3rd June 2009
Listing on Stock Exchange	The Stock Exchange, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1st April 2009 to 31st March 2010. An appeal has been pending with Securities and Exchange Board of India against the Stock Exchange, Ahmedabad subsequent to their refusal for accepting voluntary delisting application.
Change of Name	Government of India - Ministry of Corporate Affairs, Registrar of Companies, Maharashtra, has approved with effect from 27/08/2008, the Change of Name of Company from LKP Merchant Financing Limited to <b>LKP Finance Limited</b> .
Demat ISIN No. for Depositories	INE 724A01017

### Market Price Data and Performance in comparison to BSE Sensex

High/Low of market price of the Company's equity shares traded in the Bombay Stock Exchange Ltd. and performance in comparison to BSE Sensex during the financial year 2008 - 2009 is furnished below:

Month	High Price	Low Price	No. of Shares	No. of Trades	BSE Sensex	
					High	Low
April 2008	177.50	125.35	248737	1070	17,480.74	15,297.96
April 2008	177.50	125.35	248737	1070	17,480.74	15,297.96
May 2008	188.50	145.00	185219	1433	17,735.70	16,196.02
June 2008	152.00	100.00	505769	651	16,632.72	13,405.54
July 2008	128.95	91.10	52541	282	15,130.09	12,514.02
August 2008	135.30	120.00	280387	265	15,579.78	14,002.43
September 2008	127.00	77.05	42356	211	15,107.01	12,153.55
October 2008	83.75	52.75	108763	218	13,203.86	7,697.39
November 2008	80.00	57.00	39407	134	10,945.41	8,316.39
December 2008	81.65	48.00	50831	344	10,188.54	8,467.43
January 2009	86.40	61.00	18657	155	10,469.72	8,631.60
February 2009	70.40	50.00	85296	388	9,724.87	8,619.22
March 2009	60.50	47.70	236851	223	10,127.09	8,047.17

### Registrar and Share Transfer Agents

M/s. Adroit Corporate Services Private Limited  
 19, Jafarbhoy Industrial Estate, 1st Floor, Makawana Road,  
 Marol Naka, Andheri (East), Mumbai 400 059.  
 Tel. No.022- 28590942

### Share Transfer System

The Company's Shares are traded on Bombay Stock Exchange Limited compulsorily in the dematerialized form. However, all requests received for transfer of shares in physical form are processed by the Registrar and Transfer Agents and are approved by Share Transfer Committee, which normally meets twice in a month. The Share Transfers are registered and returned within period of 22 days from the date of lodgment, if documents are complete in all respect.

### Distribution of shareholding as on 31st March 2009

Shares slab	Share Holders	%	Total Shares	Amount (Rs.)	%
Upto - 500	5326	87.35	745612	7456120	5.87
501 - 1000	345	5.66	270822	2708220	2.13
1001 - 2000	184	3.02	280001	2800010	2.20
2001 - 3000	73	1.20	181322	1813220	1.43
3001 - 4000	29	0.48	102147	1021470	0.80
4001 - 5000	24	0.39	110601	1106010	0.87
5001 - 10000	47	0.77	309668	3096680	2.44
10001 & Above	69	1.13	10711090	107110900	84.26
<b>Total</b>	<b>6097</b>	<b>100.00</b>	<b>12711263</b>	<b>127112630.00</b>	<b>100.00</b>

### Share holding pattern as on 31st March 2009

Category	No. of shares held	% of shareholding
1 Indian Promoters/ Persons acting in concert	70,45,277	55.43
2 Mutual Funds and UTI	1,400	00.01
3 Banks, Financial Institutions and Insurance Companies	2,750	00.02
4 FIIs	30,150	00.24
4 Private Corporate Bodies	28,56,480	22.48
5 Indian Public	24,48,783	19.26
6 NRIs/OCBs	3,24,770	2.55
7 Other (In transit)	1,653	0.01
<b>Total</b>	<b>1,27,11,263</b>	<b>100.00</b>

**Dematerialization of equity Shares and liquidity**

As on 31st March 2009, 95.63 % of the Company's total shares represented by 1,21,55,651 shares were held in dematerialized form.

**Out standing GDR/Warrants/Convertible Instruments**

In terms of special resolution passed in Extra-Ordinary General Meeting of the members held 4th February, 2008 and SEBI Guidelines for Preferential Issues as stated at Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, the Company has issued and allotted on 25th February 2008, 10,00,000 (Ten Lacs) warrants to the promoters group.

The aforesaid warrant holders will become entitled for in aggregate 10,00,000 (Ten Lacs Only) equity shares of Rs. 10/- each within a period not exceeding 18 (Eighteen) months from the date of issue of such warrants.

The price including premium of one equity share of Rs. 10/- each to be allotted on exchange / surrender of the said warrant shall not be lower than the minimum price of Rs.194/- per share computed in compliance with the SEBI Guidelines for Preferential Issues as stated at Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

**Address for correspondence**

LKP Finance Limited  
112A, Embassy Centre,  
Nariman Point,  
Mumbai 400 021

**For and on behalf of the Board of Directors**

Mumbai

**(M. V. Doshi)**

Date: 5th May 2009

Executive Chairman

## AUDITORS' CERTIFICATE

We have examined the compliance of the conditions of Corporate Governance by LKP Finance Limited for the year ended 31st March 2009 as stipulated in clause 49 of the Listing Agreement of the said Company had with Bombay Stock Exchange Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except that appointment of at least one common independent director of the holding Company on the Board of subsidiaries of the Company as required under sub-clause i of the item at paragraph III of Clause 49 of the Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2009, no investor grievances are pending / un-addressed by the Company as on 5th May 2009, as per the records maintained by the Company and presented to the Shareholders' Grievance Committee.

We further state that 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 affairs of the Company.

**For Ford, Rhodes, Parks & Co.,**  
*Chartered Accountants*

**(A. D. Shenoy)**

Partner

Membership No. 11549

Place: Mumbai

Date: 5th May 2009

# AUDITORS' REPORT

We have audited the attached Balance Sheet of LKP Finance Limited (formerly known as LKP Merchant Financing Limited) as at 31st March 2009 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date. 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 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 (as amended), issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 (the Act) and on the basis of such checks, as we considered appropriate, we give in Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments 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 purpose of our audit.
  - b) In our opinion proper books of accounts as required by law have been kept by the company so far, as appears from our examination of the books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by the report are in compliance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.
  - (f) On the basis of written representations received from the directors of the Company, as on 31st March, 2009 and taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of the sub-section (1) of Section 274 of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us the accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2009.
  - (b) In the case of the Profit and Loss Account of the profit for the year ended on that date.
  - (c) In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

**For Ford, Rhodes, Parks & Co.,**  
*Chartered Accountants*

Place: Mumbai  
Date: 5th May 2009

**(A. D. Shenoy)**  
Partner  
Membership No. 11549

## ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS' REPORT

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management during the year. As explained to us no discrepancies were noticed on such verification.  
(c) During the year the company has not disposed off any substantial part of its fixed assets so as to affect the going concern.
2. The company does not have any stock of raw materials, stores, spare parts, finished goods and therefore clause ii (a), (b), (c) (of the Order) are not applicable.
3. The company has not taken any loans, secured or unsecured from Companies, firms or any other parties covered in the register maintained under Section 301 of the Companies Act, 1956. During the year the company has not granted any loans to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for services provided. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control procedures.
5. (a) On the basis of our examination of the books of account and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered in the said register.  
(b) In our opinion and according to the information and explanations given to us there are no transactions aggregating in value during the year to more than Rs. 5 lacs.
6. The company has not accepted any deposits from the public within the meaning of the provision of Section 58A and 58AA of the Act.
7. The company has no Internal Auditor however the Company's internal control procedures, which, in our opinion, are commensurate with its size and nature of its business.
8. The Company is a Loan and Investment Company hence clause (viii) of the Order is not applicable.
9. (a) According to the information and explanations given to us by the Management and on the basis of the examination of the books of account carried out by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, and other statutory dues with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us by the Management and the records of the company examined by us there were disputes with Income Tax Authorities which are listed below. However there are no demands pending in the said cases :



<b>Nature of dues pending</b>	<b>Amount</b>	<b>Forum where dispute is</b>
Income Tax (Asst yr 2003-2004)	Not Quantified	Appellate Tribunal Mumbai.
Income Tax (Asst yr 2004-2005)	Not Quantified	Appellate Tribunal Mumbai.
Income Tax (Asst yr 2005-2006)	Not Quantified	Appellate Tribunal Mumbai.

10. Based on our audit procedures and the information and explanations given to us by the Management, we are of the opinion that the Company has not defaulted in repayment of its dues to a Financial Institution.
11. As per the books and records of the company examined by us, the Company has granted a loan to two corporates against security of shares against which adequate records have been maintained.
12. Clause (xiii) of the Order is not applicable as the company is not a Chit Fund company or nidhi /mutual benefit fund/society.
13. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the company in its own name.
14. The Company has given a guarantee to a Bank for Rs 5.00 crores on behalf of its Subsidiary, where the terms and conditions are not prejudicial to the interests of the company.
15. During the year the company has not taken any term loans from banks / institutions and there are no outstanding term loans as at 31st March,2009
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
17. The Company has not made any preferential allotment of shares during the year and therefore, paragraph 4 (viii) of the Order is not applicable.
18. The Company has not issued any debentures during the year and therefore paragraph 4(xix) of the Order is not applicable.
19. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Order is not applicable.
20. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of the audit.

**For Ford, Rhodes, Parks & Co.,**  
*Chartered Accountants*

Place: Mumbai  
Date: 5th May 2009

**(A. D. Shenoy)**  
Partner  
Membership No. 11549

# BALANCE SHEET AS AT 31ST MARCH,2009

As at 31-3-2008

	Schedule	Rs in Laacs	Rs in Laacs	Rs in Laacs
<b>I SOURCES OF FUNDS :</b>				
<b>1. Shareholders Funds</b>				
a. Share Capital	1	1,271.13		1,530.00
b. Share Warrants.		194.00		194.00
b. Reserves and Surplus	2	<u>10,956.32</u>		<u>3,515.73</u>
			12,421.45	5,239.73
<b>2 Loan Funds</b>				
Secured Loans	3		<u>5,323.64</u>	—
<b>TOTAL</b>			<u>17,745.09</u>	<u>5,239.73</u>
<b>II APPLICATION OF FUNDS :</b>				
<b>1. Fixed Assets</b>				
a. Gross Block	4	5,847.12		6,075.60
b. Less : Depreciation / Amortisation		<u>5,691.15</u>		<u>5,694.65</u>
c. Net Block			155.97	380.95
<b>2. Deffered Tax Asset</b>				
			301.04	—
<b>3. Investments</b>				
	5		6,288.75	1,806.55
<b>4. Current Assets, Loans &amp; Advances</b>				
a. Stock on hand	6	1,099.62		249.28
b. Sundry Debtors	7	27.49		27.78
c. Cash & Bank Balances	8	7,502.12		305.07
d. Loans & Advances	9	<u>6,529.76</u>		<u>3,871.07</u>
		15,158.99		4,453.20
<b>Less : Current Liabilities and Provisions</b>				
a. Liabilities	10	1,161.68		94.61
b. Provisions	11	<u>2,997.98</u>		<u>1,306.36</u>
		<u>4,159.66</u>		<u>1,400.97</u>
Net Current Assets			<u>10,999.33</u>	<u>3,052.23</u>
<b>TOTAL</b>			<u>17,745.09</u>	<u>5,239.73</u>
ACCOUNTING POLICIES	15			
NOTES TO THE ACCOUNTS	16			
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE	17			

ACCOUNTING POLICIES 15  
 NOTES TO THE ACCOUNTS 16  
 BALANCE SHEET ABSTRACT & COMPANY'S  
 GENERAL BUSINESS PROFILE 17  
 SCHEDULES 1 TO 17 ANNEXED HERETO FORM PART OF  
 THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

As per our Report attached.

For Ford, Rhodes, Parks & Co.,

Chartered Accountants

Executive Chairman

M.V.Doshi

Director

M.S.Bhise

Director

V.N.Suchanti

A.D.Shenoy

Partner

Membership No 11549

Mumbai

Dated : 5th May, 2009

Mumbai

Dated : 5th May,2009

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

			Previous Year
	Schedule	Rs in Lacs	Rs in Lacs
<b>INCOME :</b>			
Net Income from Operations		9,846.41	364.99
Other Income	12	<u>342.58</u>	<u>672.32</u>
		<b>10,188.99</b>	<b>1,037.31</b>
<b>EXPENDITURE :</b>			
Establishment Charges	13	<b>254.99</b>	255.64
Administrative and other expenses	14	<u>315.32</u>	241.51
		<b>570.31</b>	<u>497.15</u>
		<b>9,618.68</b>	<b>540.16</b>
Interest and Finance charges.		<b>334.20</b>	1,097.87
Depreciation.		<u>16.94</u>	16.96
		<b>351.14</b>	1,114.83
<b>AMORTISATION OF TRADE MARK</b>		<b>20.00</b>	1,708.38
<b>TRANSFER FROM TRADE MARK RESERVE</b>		<u>20.00</u>	<u>(1,708.38)</u>
Operating Profit / (Loss)		<b>9,267.54</b>	<u>(574.67)</u>
LESS : EXTRAORDINARY DEBITS / CREDITS (NET)		-	<u>5,734.18</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>9,267.54</b>	<b>5,159.51</b>
<b>PROVISION FOR TAXATION-CURRENT</b>		<b>1,025.00</b>	925.00
<b>PROVISION FOR DEFERRED TAX NET</b>		<b>(301.04)</b>	0.00
<b>TAX RELATING TO EARLIER YEARS (NET)</b>		-	118.91
<b>PROVISION FOR FRINGE BENEFIT TAX</b>		<u>2.36</u>	<u>2.64</u>
<b>PROFIT AFTER TAXATION</b>		<b>8,541.22</b>	4,350.78
<b>PROFIT / (LOSS) BROUGHT FORWARD FROM LAST YEAR</b>		<u>642.64</u>	<u>(2,908.76)</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION :</b>		<u><b>9,183.86</b></u>	<u><b>1,442.02</b></u>
<b>APPROPRIATION:</b>			
<b>TRANSFERRED TO GENERAL RESERVE</b>		5,000.00	500.00
<b>CAPITAL REDEMPTION RESERVE ACCOUNT</b>		8.87	0.00
<b>PROPOSED DIVIDEND</b>		889.79	256.00
<b>TAX ON PROPOSED DIVIDEND</b>		<u>151.22</u>	<u>43.39</u>
<b>PROFIT CARRIED TO BALANCE SHEET</b>		<u><b>3,133.98</b></u>	<u><b>642.64</b></u>
<b>EARNINGS PER SHARE BASIC (Note 6 on Schedule 16)</b>		67.19	33.99
<b>EARNINGS PER SHARE DILUTED (Note 6 on Schedule 16)</b>		62.29	31.53
ACCOUNTING POLICIES	15		
NOTES TO THE ACCOUNTS	16		
BALANCE SHEET ABSTRACT & COMPANY'S			
GENERAL BUSINESS PROFILE	17		
SCHEDULES 1 TO 17 ANNEXED HERETO FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT			

As per our Report attached.

For Ford, Rhodes, Parks & Co.,

Chartered Accountants

**A.D.Shenoy**

Partner

Membership No 11549

Mumbai

Dated : 5th May, 2009

Executive Chairman

**M.V.Doshi**

Director

**M.S.Bhise**

Director

**V.N.Suchanti**

Mumbai

Dated : 5th May,2009

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

		As at 31-3-2008	
		Rs in Lacs	Rs in Lacs
<b>SCHEDULE 1 - SHARE CAPITAL</b>			
<b>Authorised</b>			
(i) 2,00,00,000 Equity Shares of Rs 10/- each.		2,000.00	2,000.00
(ii) 10,00,000 Redeemable Cumulative Preference Shares of Rs.100/-each		<u>1,000.00</u>	<u>1,000.00</u>
		<b>3,000.00</b>	<b>3,000.00</b>
<b>Issued,Subscribed &amp; Paid Up :</b>			
(i) 128,00,000 Equity Shares of Rs.10/- each	1,280.00		
Less : 88,737 Shares extinguished on Buy back	<u>8.87</u>	1,271.13	1,280.00
(ii) 250,000 13.5% Redeemable Cumulative Preference Shares of Rs.100/- each.		-	<u>250.00</u>
<b>TOTAL</b>		<u><b>1,271.13</b></u>	<u><b>1,530.00</b></u>
<b>Note:</b>			
1. The above equity shares include 22,50,000 Equity shares allotted as Bonus Shares by capitalization of Share Premium Account.			
2. 2,50,000 13.5% Redeemable Cumulative Preference Shares which were issued on private placement basis, have been redeemed during the year.			
<b>SCHEDULE 2- RESERVES &amp; SURPLUS</b>			
<b>Share Premium Account</b>			
Balance as per last Balance Sheet.	2,255.16		2,255.16
Less: Amount paid in excess of face value on buy back.	<u>39.64</u>	2,215.52	
<b>Trade Mark Reserve</b>			
Balance as per last Balance Sheet.		20.00	1,728.38
Less: Transferred to Profit & Loss account.		<u>20.00</u>	<u>1,708.38</u>
		-	20.00
<b>General Reserve</b>			
Balance as per last Balance Sheet.		597.94	97.94
Add: Transferred from Profit & Loss account.		<u>5,000.00</u>	<u>500.00</u>
		5,597.94	597.94
<b>CAPITAL REDEMPTION RESERVE ACCOUNT</b>			
Balance as per last Balance Sheet.	-		-
Add: Transferred from Profit & Loss account.	<u>8.87</u>	8.87	-
		8.87	0.00
<b>Balance in Profit &amp; Loss Account</b>		<u>3,133.98</u>	<u>642.64</u>
<b>TOTAL</b>		<u><b>10,956.32</b></u>	<u><b>3,515.74</b></u>
<b>SCHEDULE 3 - SECURED LOANS</b>			
Term Loan from Housing Development Finance Corp Ltd (secured against mortgage of properties and pledge of shares)		1,200.00	-
Bank Overdraft (secured against pledge of Fixed Deposit Receipts)		4,118.86	-
Vehicle Loan (Secured against hypothecation of the Vehicle)		4.78	-
<b>TOTAL</b>		<u><b>5,323.64</b></u>	<u><b>-</b></u>

# SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

## SCHEDULE 4 - FIXED ASSETS

Description of Assets	Gross Block (At Cost)				Depreciation / Amortisation				Net Block	
	As at 1st April 2008	Additions	Deduction	As at 31st March, 2009	As at 31st March, 2008	Depreciation / Amortisation for the period	Deductions for the period	As at 31st March, 2009	As at 31st March, 2009	As at 31st March 2008
<b>I. OWN ASSETS</b>										
LKP FOREX Trade Mark	2,095.00			2,095.00	2,075.00	20.00		2,095.00	-	20.00
Office Premises	138.49			138.49	65.00	1.20		66.20	72.29	73.49
Premises	342.46		236.25	106.21	81.25	12.52	49.81	43.96	62.25	261.21
Furniture & Fixtures	143.44			143.44	141.62	0.53		142.15	1.29	1.82
Air Conditioners	24.97			24.97	23.76	0.16		23.92	1.05	1.21
Office Equipment's	200.46			200.46	186.61	1.88		188.49	11.97	13.85
Vehicle	-	7.77		7.77	-	0.65		0.65	7.12	-
Sub-Total	2,944.82	7.77	236.25	2,716.34	2,573.24	36.94	49.81	2,560.37	155.97	371.58
<b>II ASSETS ON LEASE</b>										
Plant & Machinery	3,130.78			3,130.78	3,121.41		9.37	3,130.78	-	9.37
Sub-Total	3,130.78			3,130.78	3,121.41		9.37	3,130.78	-	9.37
Grand Total	6,075.60	7.77	236.25	5,847.12	5,694.65	36.94	59.18	5,691.15	155.97	380.95
Previous Year	6,213.03	-	137.43	6,075.60				5,694.65	380.95	

Notes :

1) Cost of office premises includes cost of shares of Rs.250/- in Embassy Center Premises Co-operative Society Ltd and cost of shares of Rs 250/- in Great Eastern Gardens Condominium.

## SCHEDULE 5 - INVESTMENTS (at Cost)

Quoted Shares Fully Paid (at Cost),classified as Long Term Investments	As at 31-3-2008					
	Quantity	Face Value	Cost Rs in Lacs	Quantity	Face Value	Cost Rs in Lacs
<u>NAME OF THE COMPANY</u>						
Garware Polyester Ltd.	100	10	0.07	100	10	0.07
I C I C I Bank Ltd.	10	10	0.02	10	10	0.02
Tata Motors Ltd	8	10	0.03	100	10	0.03
Maharashtra Polybutane Ltd	35,067	10	7.02	701,349	10	7.02
JSW Steel ltd	47	10	0.01	47	10	0.01
United Breweries Ltd			-	1,600	1	3.86
D S Kulkarni Developers Ltd	583	10	0.64	583	10	0.64
Central Bank of India	25,000	10	7.98	25,000	10	24.94
Thomas Cook (India) Ltd Equity Shares	14,282,010	1	4700.35	14,949,000	10	236.68
Thomas Cook (India) Ltd 0.001% Class B Preference Shares	319,765	10	50.63	319,765	10	50.63
Thomas Cook (India) Ltd 0.001% Class C Preference Shares	271,800	10	43.03	271,800	10	43.03
<b>(Class B &amp; C Preference Shares are Convertible into Equity Shares within a period of seven years on Thomas Cook (India) Limited achieving certain levels of EPS)</b>						
SUB-TOTAL			<u>4,809.78</u>			<u>366.93</u>
<b>UNQUOTED &amp; FULLY PAID UP:</b>						
The Saraswat Co-op Bank Ltd.	1,005	10	0.10	1,005	10	0.10
Ring Plus Acqua Ltd.			-	130,400	10	60.55
The Hindustan Times Ltd.	5,600	10	12.57	5,600	10	12.57
LKP Holdings Pvt Ltd	7,600	10	0.76	7,600	10	0.76
Gayatri Cement & Chemicals Industries Pvt.Ltd	10,000	100	64.00	10,000	100	64.00
SUB-TOTAL			<u>77.43</u>			<u>137.98</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

Quoted Shares Fully Paid (at Cost),classified as Long Term Investments	Quantity	Face Value	Cost Rs in Lacs	Quantity	Face Value	Cost Rs in Lacs
				As at 31-3-2008		
<b>INVESTMENT IN MUTUAL FUNDS :</b>						
BIRLA INCOME PLUS			-			0.10
JP MORGAN ALPHA FUND			<u>100.00</u>			-
			<u>100.00</u>			<u>0.10</u>
<b>INVESTMENT IN SUBSIDIARIES :</b>						
LKP Securities Ltd.-Equity Shares	25,635,000	2	1,051.54	5,127,000	10	1,051.54
LKP Securities Ltd.-Preference Shares	250,000	100	<u>250.00</u>	250,000	100	<u>250.00</u>
SUB-TOTAL			<u>1,301.54</u>			<u>1,301.54</u>
TOTAL			<u>6,288.75</u>			<u>1,806.55</u>
i. Aggregate of quoted investments - At Cost			4,809.78			366.93
- Market Value			4,823.40			14,411.30
ii. Aggregate of unquoted investments - At Cost.			1,478.97			1,439.62

SCHEDULE 6 - STOCK ON HAND	Rs in Lacs	As at 31-3-2008 Rs in Lacs
a. In Shares		
- Valued at cost or market value whichever is lower	<u>1,099.62</u>	<u>249.28</u>
TOTAL	<u>1,099.62</u>	<u>249.28</u>

SCHEDULE 7 - SUNDRY DEBTORS (Unsecured, Considered Good)	Rs in Lacs	As at 31-3-2008 Rs in Lacs
a. Lease Rentals - At agreement values (All debts due and outstanding for more than 6 months.)	128.74	128.74
Less: Provision for Non-Performing Assets	<u>128.74</u>	<u>128.74</u>
	-	-
b. Other Debtors (includes Rs NIL outstanding for more than 6 months (Previous year NIL)	27.49	27.78
TOTAL	<u>27.49</u>	<u>27.78</u>

SCHEDULE 8 - CASH AND BANK BALANCES	Rs in Lacs	As at 31-3-2008 Rs in Lacs
Cash on hand	0.06	0.01
Balance with Scheduled Banks:		
in Current Account	102.52	280.52
in Fixed Deposit	7,399.50	24.50
Balance with Co-op Bank:		
in Current Account	0.04	0.04
TOTAL	<u>7,502.12</u>	<u>305.07</u>

SCHEDULE 9 - LOANS & ADVANCES (Considered Good)	Rs in Lacs	As at 31-3-2008 Rs in Lacs
Advances to Companies and others	598.79	1,064.15
Due from Subsidiary Company	-	490.43
Advances recoverable in cash or in kind or for value to be received	4,428.75	2,117.32
Tax Deducted at Source & Self Assesment Tax	1,490.46	180.28
Fringe Benefit Tax-advance	6.86	4.87
Deposits	4.90	14.02
TOTAL	<u>6,529.76</u>	<u>3,871.07</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

	Rs in Lacs	As at 31-3-2008 Rs in Lacs
<b>SCHEDULE 10 - LIABILITIES</b>		
Sundry Creditors	17.91	8.54
Advances Received	991.28	86.06
Due to Subsidiary Company	149.18	-
Unclaimed Dividend	3.31	-
Investor Education and Protection Fund	-	-
Small Scale Industries	-	-
<b>TOTAL</b>	<u><u>1,161.68</u></u>	<u><u>94.61</u></u>
<b>SCHEDULE 11 - PROVISIONS</b>		
Provision for Income Tax	1,950.00	1,004.74
Provision for Fringe Benefit Tax	6.97	2.23
Proposed Dividend (including Tax)	1,041.01	299.39
<b>TOTAL</b>	<u><u>2,997.98</u></u>	<u><u>1,006.97</u></u>
<b>SCHEDULE 12 - OTHER INCOME</b>		
		(Previous Year)
Dividend Income	270.56	545.86
Miscellaneous Income	0.25	25.06
Profit on Sale of Assets	71.77	101.40
<b>TOTAL</b>	<u><u>342.58</u></u>	<u><u>672.32</u></u>
<b>SCHEDULE 13 - ESTABLISHMENT CHARGES</b>		
	Rs in Lacs	Rs in Lacs
Salary and Allowances.	199.64	202.83
Directors Remuneration	36.00	27.00
Contribution to Provident Fund/ESIC.	14.43	17.11
Other Allowances	2.46	7.30
Staff Welfare	2.45	1.40
<b>TOTAL</b>	<u><u>254.99</u></u>	<u><u>255.64</u></u>
<b>SCHEDULE 14 - ADMINISTRATIVE EXPENSES</b>		
		(Previous Year)
Rent, Rates & Taxes	6.56	6.78
Repairs - Others	1.43	2.34
Electricity	0.34	2.30
Advertisement	0.66	0.12
Directors Fees	0.53	0.24
Travelling & Conveyance	32.76	38.92
Postage, Telegram & Telephones	8.25	6.63
Legal and Professional Charges	58.82	15.59
Printing & Stationery	1.50	2.02
Auditors Remuneration :		
Audit fees	0.94	0.67
Tax audit fees	0.17	0.17
Bills of Exchange Written off	-	31.70
Loans Irrecoverable Written off	150.00	114.16
Old Leased Assets Written off	9.37	-
Donation	0.05	-
Miscellaneous Expenses	43.93	19.87
<b>TOTAL</b>	<u><u>315.32</u></u>	<u><u>241.51</u></u>

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

### SCHEDULE – 15 SIGNIFICANT ACCOUNTING POLICIES

1. The accounts have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The financial statements are prepared in accordance with the accounting standards specified in the Companies(Accounting Standards) Rules,2006 notified by the Central Government, in terms of section 211 (3C) of the Companies Act,1956.
2.
  - a) In respect of lease and hire purchase agreement it is the Company's general policy to accrue income as per the terms of the Agreement entered into with the lessees / hirers from time to time. In respect of disputed lease agreement, which is contested in court the lease, rentals will be accounted as and when received. Hire purchase and service charges are accounted on equated basis over the period of contracts.
  - b. In respect of other heads of income the Company follows the practice of accounting for such Income on accrual basis except delayed payment charges and interest income on loans and advances, which are accounted on the basis of certainty of collection, and/or receipt basis.
3. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known materialised.
4. All Fixed Assets including assets given on lease are capitalized at cost inclusive of legal and/or installation and incidental expenses, less accumulated depreciation.
5. The Company provides Depreciation as under :
  - a) On assets for own use : On written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act 1956 as amended on 16th December, 1993.
  - b) On assets acquired and Leased : On straight line method at the rates so as to write off the assets over the period of lease.
  - c) On intangible assets :
    - (i) Expenses on issue of Equity Shares are amortized equally over a period of ten years.
    - (ii) Brand value amortized equally over a period of 2 years.
6. Investments are capitalized and accounted at the cost plus brokerage and stamp charges. Current investments are stated at lower of cost and market value. Long term investments are stated at cost. Provision for diminution in value is made in case the same is other than temporary. Profit or losses on investments are accounted as and when realized.
7.
  - a. Current Tax : Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.
  - b. Deferred Tax : In accordance with the Accounting Standard 22-“Accounting for Taxes on the Income”, issued by the Institute of Chartered Accountants of India, the deferred tax for the timing difference is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Defferred tax assets arising from timing difference are recognized only on the consideration of prudence.
  - c. Fringe Benefit Tax: Provision for Fringe Benefit Tax is made in accordance with the provisions of the Income Tax Act, 1961.
8. Short Term Employee Benefits : (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered.

Contributions towards Provident Fund are recognized as expense. Provident Fund contributions in respect of all employees are made to Provident Fund Authorities.

Liability Towards Gratuity covering eligible employees is contributed to Group Gratuity Scheme of Life Insurance Corporation of India based on the annual premium payable to them.

Contribution to Central Government Employees State Insurance Scheme for eligible employees is recognized as charge for the year
9.
  - a. Contingent Liabilities are disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.
  - b. Contingent Assets are neither recognized nor disclosed.



## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

### SCHEDULE 16 - NOTES TO THE ACCOUNTS:

1. Contingent Liabilities :

- a) Guarantee given to a Bank -- Rs 5.00 crores. (Previous Year Rs 5.00 crores)
- b) Claim against the Company not acknowledged as Debt Rs 33.99 lacs (full amount deposited in the Mumbai High Court) (Previous Year Rs 33.99 lacs)

2 On 25th February 2008 the Company issued 10,00,000 (Ten lacs only) warrants to the Promoters u/s 81(1)(A) of the Companies Act, 1956 at a price of Rs 19.40 per warrant. Each Warrant entitles the Warrant holder to subscribe to 1 Equity share of the company at a price of Rs 194/- per share. The option has to be exercised within a period of 18 months from the date of issue of warrants.

3 On 10th February, 2009 the company announced a buyback of its Equity Shares after receiving SEBI approval for the same. 88,737 Equity Shares of Rs 10/- each have been bought back and extinguished during the period February 2009 to 31st March 2009 for an aggregate consideration of Rs 48.51 lacs. Consequent to the extinguishments, an amount of Rs 39.64 lacs, being the amount in excess of the face value of the shares bought back has been adjusted to Share Premium Account. An amount of Rs 8.87 lacs being the face value of equity shares bought back is appropriated to the Capital Redemption Reserve from the Profit & Loss Appropriation Account.

4 During the year the company has adopted Accounting Standard 15 (AS-15 Revised). The company has contributed its gratuity liability to Life Insurance Corporation of India - Group Gratuity Scheme based on annual contribution as worked out by Life Insurance Corporation of India.

I) Reconciliation of opening and closing balances of the present value of the obligation

	Rs in lacs
a. Present value of obligation at the beginning of the year	34.92
b. Current service cost	5.70
c. Interest Cost	2.79
d. Benefits paid	(1.54)
e. Actuarial (Gain)/Loss	1.16
f. Present value of the obligation at the end of the year	43.03

II) Reconciliation of opening and closing balances of the fair value of Plan Assets

	Rs in lacs
a. Fair value of Plan Assets at the beginning of the year	26.52
b. Expected return on Plan Assets	2.92
c. Contributions	16.53
d. Benefits paid	(1.54)
e. Actuarial (Gain)/Loss on plan assets	Nil
f. Fair value of the plan assets at the end of the year	44.45

III) Reconciliation of present value in 'I' above and the fair value of Plan Assets in 'II' above

	Rs in lacs
a. Present value of Obligation as at the end of the year	43.03
b. Fair value of Plan assets at the end of the year	44.45
c. Excess of Fair Value of Plan Asset over Present Value of Obligation	1.42

IV) Expenses charges to Profit & Loss account

	Rs in lacs	As at 31.03.2008 (Rs in Lacs)
5. Directors Remuneration :		
Directors Remuneration	<b>36.00</b>	27.00
Contribution to Provident Fund	<b>0.09</b>	0.07
Directors Sitting Fees	<b>0.53</b>	0.24

No Computation of remuneration to Director u/s 198 read with section 349 of the Companies Act, 1956 has been given, as no commission is payable to the Director.

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

6 Particular with respect to Earnings per share is calculated as follows:

	2008-09	2007-08
Profit / (Loss) after Taxation (Rupees in Lacs)	8541.22	4350.78
Number of Shares Outstanding	12,711,263	12,800,000
	<b>Rs. Ps.</b>	<b>Rs. Ps.</b>
Earnings per shares (Basic)	67.19	33.99
Earnings per shares (Diluted)	62.29	31.53
Face Value of Share	10	10

7 Taxation :

a. The company has made adequate provision for Income Tax based on the current years taxable income.	
b. Deffered Tax Asset / (Liability)	As at 31.03.2009
	Rs in lacs
Written down value differential	(38.96)
Brought forward losses	340.00
	301.04

Previous years figures with respect to Deferred Tax Asset / (Liability) is not given as the same has not been considered in the accounts in view of uncertainty about the future earnings.

d. Assessments have been completed upto Asst. Year 2006-2007. Appeal has been filed with CIT (A) for Assessment Year 2004-2005, which is pending and the demand is NIL.

8. Income from Operations include profit on long term investments in shares of Thomas Cook (India) Limited (received in lieu of Equity Shares held by the company in LKP Forex Limited on merger) tendered under open offer announced by Thomas Cook (UK) Limited.

9. As per the Accounting Standard 18, issued by the Institute of Chartered Accounts Of India, disclosures of transactions with the related parties as defined in the Accounting Standards are given below:

(i) List of related parties with whom transactions have taken place and relationships.

Name of the Related Party	Relationship
LKP Securities Ltd.	Subsidiary Company
Peak Plastonics Pvt. Ltd.	Associate Company
MKM Share & Stock Brokers Ltd.	Associate Company
Sea Glimpse Investments Pvt. Ltd.	Associate Company
Bhavna Holdings Pvt. Ltd.	Associate Company
M/s. L.K. Panday	Associate
Mr. M V Doshi	Key Managerial Personnel

(ii) Transaction with related parties.

	Subsidiary Company	Associate Company	Key Managerial Personnel	Total (Rs.in Lacs)
RentIncome	4.32	-	-	4.32
InterestIncome	-	17.41	-	17.41
DirectorsRemuneration	-	-	36.00	36.00

10 Expenditure in Foreign Currency

	<b>For the Year (Rs. In lacs)</b>	Previous Year (Rs. In lacs)
	NIL	NIL

11 Prudential Norms of the Reserve bank of India (RBI) : The Company has not changed its accounting policy for income recognition (which is on accrual basis).

The Prudential Norms of the RBI require the company to derecognise certain income and make provisions for non-performing assets. As the market value of the quoted shares as at 31.03.2009 was higher as compared to the cost, no provision is required.

12 Tax Deducted at Source : Rs. 190.16 lacs (Previous Year Rs. 56.37 lacs)

13. Salary and allowances Rs 199.64 lacs, include Rs 16.89 lacs as company's contribution to Life Insurance Corporation of India for their Employees Group Gratuity Scheme (Previous year Rs.3.21 lacs)

14 Previous Year's Figures are regrouped / reclassified wherever necessary.

# SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

## SCHEDULE 17 - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

CIN No.	L65990MH1984PLC032831
State Code	11
Balance Sheet Date	31.03.2009

### II Capital Raised during the year (Amount in Rs.Thousands )

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

### III Positions of Mobilization and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	2,190,474
Total Assets	2,190,474
Sources of Funds :	
Paid-Up Capital	146,513
Reserves & Surplus	1,095,632
Secured Loans	532,364
Unsecured Loans	-
Application of Funds :	
Net Fixed Assets	15,597
Investments	628,875
Nett.Current Assets	1,099,933
Misc.Expenditure	-
Accumulated Losses.	-

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover	677,150
Total Expenditure	161,198
Profit/(Loss) Before Tax	515,952
Profit/(Loss) After Tax	435,078
Earning Per Share in Rs. (Basic)	67.19
Earning Per Share in Rs. (Diluted)	62.29
Dividend rate in Rs.	7.00

### V. General Names of Three Principal products /services of Company

(as per monetary terms)

Item Code No. Product Description : N.A.

As per our Report attached.

**For Ford, Rhodes, Parks & Co.,**

Chartered Accountants

**A.D.Shenoy**

Partner

Membership No 11549

Mumbai

Dated : 5th May, 2009

**Executive Chairman**

**M.V.Doshi**

**Director**

**M.S.Bhise**

**Director**

**V.N.Suchanti**

Mumbai

Dated : 5th May,2009

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs In Lacs)

As at  
31.3.2008

**A. Cash Flow From Operating Activities:**

Net Profit/(Loss) before tax and Extraordinary Items and Interest.	9,952.88		1,331.94
Adjustments for:			
Depreciation	16.94		-
Dividend Received	(270.56)	(545.86)	
Interest Paid	(334.20)	(1,097.87)	
Direct Tax Paid	-		-
Profit on sale of investments	(14,695.20)	9,190.24	
Profit on sale of assets	(71.77)		-
Advances Written off	150.00	(2,920.00)	
Leased Assets Written off	9.37		-
	<u>(15,195.42)</u>		<u>4,626.51</u>
Operating Profit before Working Capital Changes	<u>(5,242.54)</u>		<u>5,958.45</u>
Adjustments for working capital changes	<u>(1,774.51)</u>		<u>3,908.79</u>
Cash Generated from operations	<u>(7,017.05)</u>		<u>9,867.24</u>
Interest paid	(334.20)	(1,097.87)	
Direct taxes paid	(890.16)	(1,224.36)	(1,906.60)
Cash flow before extraordinary items	<u>(8,241.41)</u>	<u>(808.73)</u>	<u>7,960.64</u>
Net cash from operating activities	<u>(8,241.41)</u>		<u>7,960.64</u>

**B Cash flow from investing activities**

Purchase of fixed assets	(7.77)		-
Sale of fixed assets (net)	228.21	104.96	
Purchase of Investments	(4,785.32)	(861.48)	
Sale of Investments	15,007.02	1,216.92	
Dividend received	270.56	545.86	
Net cash used in investing activities	<u>10,712.72</u>		<u>1,006.26</u>

**C Cash flow from financing activities**

Redemption of Preference shares and buy back of equity shares.	(298.52)	194.00	
Proceeds from long term borrowings	5,323.64	(9,000.00)	
Dividend paid	(299.39)		-
Net cash used in financing activities	<u>4,725.73</u>		<u>(8,806.00)</u>
Net increase in cash and cash equivalents	<u>7,197.04</u>		<u>160.92</u>
Cash and cash equivalents. (opening)	<u>305.08</u>		<u>144.16</u>
Cash and cash equivalents. (closing)	<u>7,502.12</u>		<u>305.08</u>

This is the Cash flow statement referred to in our report of even date

As per our Report attached.

**For Ford, Rhodes, Parks & Co.,**

Chartered Accountants

**A.D.Shenoy**

Partner

Membership No 11549

Mumbai

Dated : 5th May, 2009

**Executive Chairman**

**M.V.Doshi**

**Director**

**M.S.Bhise**

**Director**

**V.N.Suchanti**

Mumbai

Dated : 5th May, 2009

## DIRECTORS' REPORT

The Directors present the Fifteenth Annual Report and Audited Accounts of the Company for the year ended 31st March 2009.

<b>FINANCIAL RESULTS</b>	<b>2008 - 2009</b> (Rs. in lacs)	2007 - 2008 (Rs. in lacs)
Income from Operation	<b>3410.54</b>	5458.83
Other Income	<b>406.84</b>	447.28
	<b>3817.38</b>	5906.11
Profit / (Loss) before Tax	<b>(640.10)</b>	433.40
Less: Provision for Taxation	–	60.00
Less: Provision for Fringe benefit tax	<b>30.00</b>	27.47
Profit / (Loss) after tax	<b>(670.10)</b>	345.93
Transfer from General Reserve	<b>170.00</b>	–
Profit brought forward from previous year	<b>630.64</b>	284.71
Balance carried to Balance Sheet	<b>130.54</b>	630.64

### DIVIDEND

In view of losses your Directors have not recommended any dividend.

### OPERATIONS

During the year under review the income from operations decreased from Rs. 5458.83 lacs to Rs. 3410.54 lacs and incurred net loss of Rs. 670.10 lacs as against corresponding net profit of Rs. 345.93 lacs.

#### (a) Capital Market Division

Global Recession has hit both Primary & Secondary markets badly. In the secondary market your Company is dealing very actively with various FIs, FIIs, Mutual Funds, Corporates, Banks & High Net-worth Individuals and retail clients. The Company has been expanding its branch/sub-broker network. During the year under review, your Company strengthened its branch network and has now expanded operations to over 130 cities and towns in India. Major restructuring in costs have been done, which will help reduce costs in the next financial year. The company has added over 100 sub brokers and the expansion through sub brokers will continue with added vigour.

The fall in Stock Market adversely affected the sentiment of Primary Market. The Primary Markets touching five years low in terms of number of issues. The Company has started focusing on fixed return debt instruments such as Non-Convertible Debentures & Company Fixed Deposit Schemes. The primary market segment will be strengthened through sub-brokers & agents spreading all over the country to cover up untapped potential centers.

#### Mutual fund advisory service

LKP Mutual Fund Advisory Service has geared up to offers comprehensive Investment Advisory service to all class of investors with a strength of qualified, trained and experienced investment advisors who have in-depth knowledge of the financial markets. The continue efforts are made to provide unbiased and independent advice backed by extensive product research.

Mutual fund advisory division derive it's strength from widespread network of Direct Clients, Independent Financial Advisors and Corporate/ Institution, having relationship managers in 15 offices across 11 cities.

**b) Wholesale Debt Market Division**

During the year under review the Company has made it's significant presence as an Arranger for many primary issuances of Bonds and NCDs by Corporates, Banks and PSUs. The Company managed the bond issuances by leading PSUs and others. The Company has been rated by Prime League table as one of the top 15 long-term debts Arranger and as No.1 Arranger for short-term debt placement. The Company has emerged as one of the top intermediary of Non-SLR debt papers in secondary market. In the current year the Company has also started developing retail market in various debt papers mainly for the investors of provident fund.

**SHARE CAPITAL**

The Authorized Share Capital of the Company has increased from Rs. 8,50,00,000/- to Rs. 18,50,00,000/- by creation of 10,00,000 9% Redeemable Preference Shares of Rs 100/- each and accordingly the clause V of the Company's Memorandum of Association and Article 3 of the Articles of Association of the Company is altered as per special resolution passed at the extra ordinary general meeting of the Company held on 16th March 2009.

Pursuant to the approval of members and other applicable statutory authorities, the equity shares of the Company of the nominal face value of Rs. 10/- each are sub-divided in to 5 equity shares of Rs.2/- each fully paid up as stated in the notice.

The Board of Directors in their meeting held on 6th March 2009 issued and allotted to the employees of the Company and Holding Company including working directors of the Company, friends and business associates 4,91,000 equity shares of Rs. 2/- each for cash at par.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Dinesh K. Waghela retires by rotation and being eligible offers himself for reappointment.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

As required under Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 of the Company for the period;
- 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 to the best of their knowledge & ability;
- the Directors have prepared the annual accounts on a going concern basis.

**STATUTORY INFORMATION**

The Particulars of Employees falling within the scope of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all shareholders of the Company excluding the above Statement. Any shareholder interested in obtaining a copy of the said Statement may write to the Company at its Registered Office.

The provisions of Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy and technology absorption do not apply to your Company. There is no foreign exchange earnings during the year under report. The detail of Outgo is mentioned in point no. 8 of Notes to Accounts under Schedule No. 15

**AUDITORS**

M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Mumbai, retire at the conclusion of the forthcoming Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

**Registrar and Share Transfer Agents**

Shareholders are requested to intimate any change concerning to the shares held by them to M/s. Adroit Corporate Services Private Limited, who is acting as a Registrar and Share Transfer Agents for the Company.

M/s. Adroit Corporate Services Private Limited  
19, Jafarbhoy Industrial Estate, 1st Floor,  
Makawana Road, Marol Naka,  
Andheri (East), Mumbai 400 059.  
Tel. No.022-28590942

**ACKNOWLEDGMENT**

Your Directors place on record their sincere gratitude for the support received from the Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd., other govt. & regulatory agencies, our esteemed clients and Banks and look forward to receiving their continued support. Your Directors also greatly appreciate the commitment and dedicated efforts of all employees.

**For and on behalf of the Board of Directors**

Mumbai  
5th May 2009

**(M. V. Doshi)**  
Director

**(Dinesh Waghela)**  
Director

## AUDITORS' REPORT

We have audited the attached Balance Sheet of LKP Securities Limited as at 31st March 2009 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date. 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 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 (as amended), issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 (the Act) and on the basis of such checks, as we considered appropriate, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in paragraph 1.
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of accounts as required by law have been kept by the company so far, as appears from our examination of the books.
  - c) The Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash flow statement dealt with by the report are in compliance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors of the Company, as on 31st March, 2009 and taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of the sub-section (1) of Section 274 of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us the accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2009
  - (b) In the case of the Profit and Loss Account - of the loss for the year ended on that date.  
and
  - (c) In the case of the Cash Flow statement of the cash flows for the year ended on that date.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants

**A.D.SHENOY**  
Partner

Membership No.11549

Mumbai  
Date: 5th May,2009



## **ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS' REPORT**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. As explained to us no discrepancies were noticed on such verification.
- (c) During the year the company has not disposed off any substantial part of fixed assets so as to affect the going concern.
2. The company does not have any stock of raw materials, stores, spare parts, finished goods and therefore clause ii (a), (b), (c) (of the Order) are not applicable.
3. The Company has neither granted nor taken loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for providing services. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control procedures in respect of these areas.
5. (a) On the basis of our examination of the books of account and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered in the said register.
- (b) In our opinion and according to the information and explanations given to us there are no transactions aggregating in value during the year to more than 5 lakh rupees with parties referred to in the aforesaid register.
6. The company has not accepted any deposits from the public within the meaning of the provision of Section 58A and 58 AA of the Act.
7. The company has an internal audit system, which, in our opinion, is commensurate with its size and nature of its business.
8. The Company is a Stock and Debt Broking Company hence clause (viii) of the Order is not applicable.
9. (a) According to the information and explanations given to us by the Management and on the basis of the examination of the books of account carried out by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, and the statutory dues with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us by the Management and the records of the company examined by us there were disputes with Income Tax Authorities which are listed below.

<b>Nature of dues pending</b>	<b>Amount</b>	<b>Forum where dispute is</b>
Income Tax (Asst year 2004-05)	42.58 lakhs	CIT (Appeals)

10. The Company has no accumulated losses as at 31st March,2009. However the Company has incurred cash losses in the current financial year.
11. Based on our audit procedures and the information and explanations given to us by the Management, we are of the opinion that the Company has not defaulted in repayment of its dues to Financial Institutions or Debenture holders.
12. As per the books and records of the company examined by us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause (xiii) of the Order as amended is not applicable as the company is not a Chit Fund company or nidhi / mutual benefit fund / society.
14. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the company in its own name.
15. According to the information given to us and managements representation the Company has not given guarantee for the loans taken by others from banks or Financial Institutions during the year.
16. During the year the company has not taken any term loans from banks / institutions and there are no outstanding term loans as at 31st March,2009
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered under Section 301 of The Companies Act, 1956.
19. The Company has not issued any debentures during the year and therefore paragraph 4(ix) of the Order is not applicable.
20. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of the audit.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants

**A.D.SHENOY**  
Partner

Membership No.11549

Mumbai  
Date: 5th May,2009

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**BALANCE SHEET AS AT 31ST MARCH,2009**

	Schedule	Rs in Lacs	As at 31-3-2008 Rs in Lacs
<b>I SOURCES OF FUNDS :</b>			
<b>1 SHARE HOLDERS' FUNDS</b>			
a Share Capital	1	774.82	765.00
b Preference Share Application Money Received		500.00	-
c Reserves & Surplus	2	130.55	800.65
		<u>1,405.37</u>	<u>1,565.65</u>
<b>2 LOAN FUNDS</b>			
a Secured Loans	3	514.66	54.05
b Unsecured Loans	4	56.00	695.63
		<u>570.66</u>	<u>749.68</u>
<b>3 Deferred Tax Liability (net)</b>		<u>37.29</u>	<u>37.29</u>
<b>TOTAL</b>		<u><u>2,013.32</u></u>	<u><u>2,352.62</u></u>
<b>II APPLICATION OF FUNDS :</b>			
<b>1 FIXED ASSETS</b>			
a Gross Block	5	2,018.02	1,766.26
b Less : Depreciation		972.78	707.65
c Net Block		<u>1,045.24</u>	<u>1,058.61</u>
<b>2 INVESTMENTS</b>	6	<u>268.10</u>	<u>264.70</u>
<b>3 CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a Sundry Debtors	7	1,671.97	4,487.57
b Cash & Bank Balances	8	1,255.49	2,480.62
c Loans & Advances	9	4,270.30	2,961.46
		<u>7,197.76</u>	<u>9,929.65</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	10		
a Current Liabilities		6,260.71	8,708.28
b Provisions		237.07	192.07
		<u>6,497.78</u>	<u>8,900.35</u>
<b>NET CURRENT ASSETS</b>		<u>699.98</u>	<u>1,029.30</u>
<b>TOTAL</b>		<u><u>2,013.32</u></u>	<u><u>2,352.62</u></u>

Notes to the Accounts & Accounting Policies  
Schedule 1 to 16 Annexed hereto form part of the  
Balance Sheet and Profit & Loss A/c

15

As per our Report attached.

**For Ford, Rhodes, Parks & Co.,**  
Chartered Accountants

**Executive Chairman** M.V.Doshi  
**Director** M.S.Bhise  
**Director** V.N.Suchanti

**A.D.Shenoy**  
Partner  
Membership No 11549  
Mumbai  
Dated : 5th May, 2009

Mumbai  
Dated : 5th May,2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.**

	Schedule	Rs in Lacs	Previous Year Rs in Lacs
<b>INCOME</b>			
Income from Operations		3,410.54	5,458.83
Other Income	11	406.84	447.28
		<u>3,817.38</u>	<u>5,906.11</u>
<b>EXPENDITURE</b>			
Establishment Charges	12	1,264.05	1,368.49
Administration & Other Expenses	13	2,709.14	3,608.63
Interest & Finance Charges	14	185.55	173.01
Depreciation		298.74	322.58
<b>NET PROFIT / (LOSS) FOR THE YEAR BEFORE TAXATION</b>		<b>(640.10)</b>	433.40
Provision for taxation		-	60.00
Fringe Benefit Tax		30.00	27.47
<b>NET PROFIT / (LOSS) FOR THE YEAR AFTER TAXATION</b>		<b>(670.10)</b>	345.93
<b>TRANSFER FROM GENERAL RESERVE</b>		<b>170.00</b>	-
<b>BALANCE BROUGHT FORWARD FROM LAST YEAR</b>		<b>630.65</b>	284.71
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>130.55</b>	630.65
<b>Basic and Diluted Earnings per Share (in Rupees)</b> (Refer note no 9 of Schedule 15)		<b>(2.55)</b>	1.34

Notes to the Accounts & Accounting Policies 15  
Schedule 1 to 16 Annexed hereto form part of the  
Balance Sheet and Profit & Loss A/c

As per our Report attached.

**For Ford, Rhodes, Parks & Co.,**  
Chartered Accountants

**A.D.Shenoy**  
Partner  
Membership No 11549  
Mumbai  
Dated : 5th May, 2009

**Executive Chairman** M.V.Doshi  
**Director** M.S.Bhise  
**Director** V.N.Suchanti

Mumbai  
Dated : 5th May, 2009

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.**

	Rs. In lacs	As at 31/3/2008 Rs. In lacs
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
3,00,00,000 Equity Shares of RS. 2/- each (Previous Year: 60,00,000 Equity Shares of Rs. 10/- each)	600.00	600.00
12,50,000 Preference Shares of Rs. 100/- each (Previous Year: 2,50,000 Preference Shares of Rs 100/- each)	1,250.00	250.00
	<u>1,850.00</u>	<u>850.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b>		
2,62,41,000 Equity Shares of Rs. 2/- each (Previous Year 51,50,000 Equity Shares of Rs.10/- each) (LKP Finance Ltd, the Holding Company holds 97.69% (Previous Year 99.55%) of the Paid up Equity Share Capital of the Company)	524.82	515.00
2,50,000 9% Redeemable Preference Shares of Rs.100/- each	250.00	250.00
	<u>774.82</u>	<u>765.00</u>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last Balance Sheet	170.00	170.00
Less : Transfer to Profit & Loss Account	(170.00)	-
	-	170.00
Balance in Profit & Loss Account	130.55	630.65
	<u>130.55</u>	<u>630.65</u>
	<u>130.55</u>	<u>800.65</u>
<b>SCHEDULE 3 - SECURED LOANS</b>		
a) Bank Overdraft (Secured by pledge of Fixed Deposit Receipts of holding company)	453.14	-
b) Vehicle Loan (Secured by hypothecation of Vehicle)	61.52	54.05
	<u>514.66</u>	<u>54.05</u>
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
Loan From Companies	56.00	695.63
	<u>56.00</u>	<u>695.63</u>

**SCHEDULE 5 - FIXED ASSETS**

Description of Assets	Gross Block (At Cost)				Depreciation / Amortisation				Net Block	
	As at 01-04-2008	Additions during the year	Deduction / Transfers during the year	As at 31.03.2009	As at 01-04-2008	Depreciation for the year 2008-09	Deductions for the year 2008-09	As at 31.03.2009	As at 31.03.2009	As at 01-04-2008
Computers	425.54	39.70	(1.48)	463.76	287.01	67.28	(1.21)	353.08	110.68	138.53
Computer Software	234.41	64.11	-	298.52	106.68	68.35	-	175.03	123.49	127.73
Furniture & Fixtures	347.57	27.66	(11.35)	363.88	114.37	45.64	(6.16)	153.85	210.03	233.20
Electrical Fittings	11.10	1.08	-	12.18	2.67	1.27	-	3.94	8.24	8.43
Office Equipment	505.64	72.63	(1.11)	577.15	129.39	59.86	(0.23)	189.02	388.13	376.26
Vehicle	232.74	64.76	(38.95)	258.55	66.68	52.04	(26.02)	92.70	165.85	166.06
Leasehold improvements	9.24	34.73	-	43.97	0.85	4.31	-	5.16	38.81	8.40
<b>TOTAL</b>	<b>1,766.26</b>	<b>304.66</b>	<b>(52.90)</b>	<b>2,018.02</b>	<b>707.65</b>	<b>298.74</b>	<b>(33.62)</b>	<b>972.78</b>	<b>1,045.24</b>	<b>1,058.61</b>
<b>AS ON 31/3/2008</b>	<b>1,356.00</b>	<b>513.68</b>	<b>(103.43)</b>	<b>1,766.26</b>	<b>432.26</b>	<b>322.58</b>	<b>(47.20)</b>	<b>707.65</b>	<b>1,058.61</b>	<b>923.74</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.**
**SCHEDULE 6 - INVESTMENTS**

Quoted Shares (Fully Paid) At Cost

Name of Scrip			As at 31.3.2008	
	Number	Cost (Rs.in lacs)	Number	Cost (Rs.in lacs)
Liquid Benchmark units	6,028	60.28	5,639	56.39
D.S.Kulkarni Developers Ltd.	149	0.07	149	0.07
Gold Crest Finance (I) Ltd.	10,000	1.00	10,000	1.00
Infra Industries Ltd.	149,000	44.70	149,000	44.70
Axis IT & T Ltd	500	0.41	500	0.41
ONGC	72	0.36	72	0.36
Roopa Industries Ltd.	8,900	0.89	8,900	0.89
TCI Finance Ltd	8,300	2.49	8,300	2.49
Geodesic Information Systems Ltd	4,528	12.00	4,528	12.00
Reliance Power Ltd	17,440	64.81	10,900	64.81
(Includes bonus shares 6540 received during the year)				
Central Bank Of India	26,205	35.69	26,205	35.69
		<u>222.70</u>		<u>218.80</u>
Unquoted Shares (Fully Paid)				
Gobind Sugar Ltd	9,600	17.85	9,600	17.85
Shriram Interval Fund 97	-	-	5,000	0.50
LIC Mutual Fund	1	10.00	1	10.00
Bombay Stock Exchange Ltd	11,401	17.55	877	17.55
(Includes bonus shares 10524 received during the year)				
		<u>45.40</u>	Sub Total	<u>45.90</u>
		<u>268.10</u>		<u>264.70</u>
Market Value of Quoted Shares		97.53		139.30

**SCHEDULE 7 - SUNDRY DEBTORS  
(UNSECURED, CONSIDERED GOOD)**

	Rs. In lacs	As at 31/3/2008 Rs. In lacs
More than six months	141.69	156.92
Others	1,584.62	4,384.99
Less: Provision for doubtful debts	(54.34)	(54.34)
	<u>1,671.97</u>	<u>4,487.57</u>

**SCHEDULE 8 - CASH & BANK BALANCES**

	Rs. In lacs	As at 31/3/2008 Rs. In lacs
Cash Balance	2.07	2.65
<b>Balance with Scheduled Banks :</b>		
In Current Accounts	754.51	2,029.79
In Fixed Deposit Accounts	498.91	448.17
	<u>1,255.49</u>	<u>2,480.62</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.**

	Rs. In lacs	As at 31/3/2008 Rs. In lacs
<b>SCHEDULE 9 - LOANS &amp; ADVANCES</b>		
<b>(UNSECURED, CONSIDERED GOOD)</b>		
Deposits	1,269.43	829.66
Loans & Advances	70.93	122.30
Staff Loan	12.90	2.23
Advance Fringe Benefit Tax	85.86	52.34
Advance Tax & Tax Deducted at Source	305.79	289.66
Advances Recoverable in Cash or Kind	122.30	105.41
Margin with Exchange / Clearing Member	2,343.95	1,503.64
Prepaid Expenses	59.15	56.21
	<u>4,270.30</u>	<u>2,961.46</u>
<b>SCHEDULE 10 - LIABILITIES</b>		
<b>a CURRENT LIABILITIES</b>		
Sundry Creditors	4,329.37	7,643.49
Margin & Deposits	1,458.28	695.59
Statutory Dues and TDS Payable	86.38	53.69
Outstanding expenses	162.20	93.32
Book Overdraft	224.48	222.19
	<u>6,260.71</u>	<u>8,708.28</u>
A		
<b>b PROVISIONS</b>		
Provision for taxation	102.48	102.48
Provision for FBT	94.76	64.76
Provision for Gratuity	39.83	24.83
	<u>237.07</u>	<u>192.07</u>
B		
A+B	<u>6,497.78</u>	<u>8,900.35</u>
<b>SCHEDULE 11 - OTHER INCOME</b>		
Dividend	3.89	6.84
Interest	103.50	114.08
Profit on sale of shares	276.56	279.20
Insurance Claim Received	21.41	-
Other Income	1.48	47.17
	<u>406.84</u>	<u>447.28</u>
<b>SCHEDULE 12 - ESTABLISHMENT CHARGES</b>		
Salary and Allowances	1,018.35	947.15
Director's Remuneration	26.56	38.27
Bonus and Incentives	85.91	251.50
Contribution to Provident Fund	39.96	32.52
Contribution to ESIC	6.37	6.30
Staff Welfare	34.81	46.30
Medical	20.90	15.96
Gratuity	31.19	30.50
	<u>1,264.05</u>	<u>1,368.49</u>



**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.**

	Rs. In lacs	(Previous Year) Rs. In lacs
<b>SCHEDULE 13 - ADMINISTRATIVE EXPENSES</b>		
Commission	903.16	1,223.23
Advertisement Exps	28.00	54.28
Business Promotion and entertainment	46.02	47.93
Books & Periodicals	1.95	2.68
Computer Expense	78.78	49.44
Conveyance	44.87	39.60
CDSL Expenses	35.05	47.87
Demat chgs	30.49	36.12
Donation	0.67	1.38
Electricity Expenses	76.08	71.91
Company law expenses	7.05	1.75
General & Misc Chgs	2.91	11.52
Loss on sale of assets	7.41	3.11
Insurance	19.57	8.01
Motor Car Expenses	43.14	35.29
Office Expenses	78.56	90.66
Postage and Courier expenses	65.15	83.19
Printing & Stationery	102.74	127.43
Profession Tax	0.07	0.10
Professional and Legal Charges	150.53	259.52
Rent , Rates & Taxes	295.86	255.45
Service tax , stamp duty and transaction charges paid	165.13	273.80
Audit Fees	2.20	3.90
Repairs & Maintenance	125.54	93.27
Franking charges	31.87	123.87
Vsat Charges	9.41	30.09
SEBI Fees	9.62	44.91
Stock Exchange Expenses	36.11	52.21
Seminars and conference	87.73	25.76
Subscription & Membership Fees	32.45	34.60
Telephone and Mobile expenses	128.62	139.25
Travelling (Domestic and Foreign)	37.74	53.12
Operational loss	15.06	100.41
Bad Debts	6.55	33.94
Sundry balances written off	3.07	34.73
Investment written off	-	5.48
Goodwill written Off	-	23.45
Advances written Off	-	31.00
Provision for doubtful debts	-	54.34
	<u>2,709.14</u>	<u>3,608.63</u>
<b>SCHEDULE 14 - INTEREST &amp; FINANCE CHARGES</b>		
Bank Charges	25.47	34.50
Interest	160.08	138.51
	<u>185.55</u>	<u>173.01</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.****Schedule 15 - Contingent Liabilities, Accounting Policies and Notes to the Accounts****Significant Accounting Policies :**

1. The accounts have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The financial statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government, in terms of Section 211 (3C) of the Companies Act, 1956.
2. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which they are known/materialised.
3. All fixed assets are stated at cost inclusive of legal and / or installation and incidental expenses less accumulated depreciation.
4. The company provides depreciation on written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
5. Investments are stated and accounted at the cost plus brokerage and stamp charges. Current investments are stated at lower of cost and market value. Long term investments are stated at cost. Provision for diminution in value is made in case the same is other than temporary. Profits or losses on investments are accounted as and when realized.
6. Short Term Employee Benefits: (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered. Contribution towards Provident Fund are recognized as expense. Provident Fund contributions in respect of all employees are made to Provident Fund Authorities. Liability towards Gratuity covering eligible employees is contributed to Group Gratuity Scheme of Life Insurance Corporation Of India based on the annual premium payable to them. Contribution to Central Government Employees State Insurance Scheme for eligible employees is recognized as charge for the year.
7. a) Current Tax: Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.  
b) Deferred Tax: In Accordance with Accounting Standard 22- "Accounting for Taxes on Income" , issued by the Government, the deferred tax for timing difference is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.  
c) Fringe Benefit Tax: Provision for Fringe Benefit Tax is made in accordance with provisions of the Income Tax Act, 1961.
8. a) Contingent Liabilities are disclosed by way of note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.  
b) Contingent Assets are neither recognized nor disclosed.

**Notes to Accounts****1) CONTINGENT LIABILITIES :**

- a) Total Bank Guarantee issued on behalf of company as at 31st March 2009 is Rs. 1735 lacs (Previous year - Rs 700 lacs)
- b) Claims Not Acknowledged as Debts Rs. 17 Lakhs (Previous Year - Rs. NIL)

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.**
**2) SHARE CAPITAL:**
**Authorised Capital**

a) The Company's Authorised Capital as at 31st March, 2008 was Rs.8,50,00,000/- comprising 60,00,000 Equity Shares of Rs.10/- each and 2,50,000 Preference Shares of Rs.100/- each. During the year the Company has increased its Authorised Capital to Rs.18,50,00,000/- divided into 3,00,00,000 Equity Shares of Rs.2/-each & 12,50,000 Preference Shares of Rs.100/-each. The above increase has been duly approved by Shareholders and Stock Exchange.

**b) Paid Up Capital**

During the year the Company has split one Equity Share, of face value Rs.10/- each into 5 Equity Shares of Rs.2/- each. In addition 491,000 Equity Shares of Rs.2/- each have been issued u/s. 81 (1A) of the Companies Act, 1956 after obtaining all statutory approvals.

**3) Gratuity**

The Company has adopted Accounting Standard 15 (AS 15) issued by the Government of India. Under a Scheme of merger, LKP Shares & Securities Limited merged with the Company vide Honourable Mumbai High Court Order dated 24th August 2007. The Company on receipt of the certified copy of Honourable High Court Order on merger filed the same with the Registrar of Companies on 7th March 2008. Both the companies are having Gratuity Schemes with Life Insurance Corporation of India. The Insurer has asked the Company to furnish certain details, documents and income tax clearance before merging the two Funds. The Insurer has yet to provide information as required by Accounting Standard 15 (AS 15). In view of above the Company has not given the particulars as required by the Accounting Standard. In the absence of information from LIC the company has made an adhoc contribution of Rs.10,00,000/- to the Fund. Further the Company has settled certain gratuity dues of employees amounting to Rs 619230/- The company has made a provision of Rs.15,00,000/- on estimated basis. Therefore the total charge to the P&L Account on account of Gratuity is Rs 31,19,230/-

**4) Provision for Taxation :**

Provision for Income tax for the current year has not been made in view of losses.

**5) Deferred Tax (Asset) /Liability - Net as at 31st March, 2009**

In view of various adjustments made on account of amalgamation of LKP Shares & Securities Ltd with the company (approved by Honourable High Court, Mumbai) effective 1st April 2006 and since allowability or otherwise of the same in tax assessments is not certain, no adjustment is considered for deferred tax. Further, no provision for Deferred tax Asset has been made in view of Uncertainty of Future Profit. However, the existing provision as of 31st March, 2008 has been carried forward.

**6) Remuneration to Wholetime Directors**

Particulars	2008-09	2007-08
	Rs.	Rs.
1 Salary	2,656,400	3,826,800
2 Contribution to Provident Fund	18,720	30,420
3 Incentive to directors	216,524	NIL
4 Sitting Fees	21,500	6,500
	<u>2,913,144</u>	<u>3,863,720</u>

No computation of remuneration to directors u/s 198 read with Section 349 of the Companies Act, 1956 has been given, as no commission is payable to them.

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.**

7) The amounts shown against the sundry debtors and loans and advances is considered as good and recoverable by the management.

8) **Expenditure in Foreign Currency :**

<b>Particulars</b>	<b>2008-09 Rs.</b>	<b>2007-08 Rs.</b>
Foreign Travel	592,172	192,421
Professional Fees	1,183,130	857,025
Others	<u>2,271,755</u>	<u>-</u>

9) **Remuneration to Auditors :**

<b>Particulars</b>	<b>2008-09 Rs.</b>	<b>2007-08 Rs.</b>
Audit fees	200,000	180,000
Tax audit fees	20,000	20,000
Service tax	27,579	24,720
Other fees (including certification fees for earlier years)	39,800	165,574
	<u>287,379</u>	<u>390,294</u>

10) **Earnings per share:**

	<b>2008-09</b>	<b>2007-08</b>
Net Profit after Taxation	<b>(67,010,077)</b>	34,593,277
No. of Equity shares (post Split)	<b>26,241,000</b>	25,750,000
Basic & Diluted earning per share	<b>(2.55)</b>	1.34

11) As per the information available with the Company as at 31st March 2009, the data in respect of Micro Small & Medium Enterprises that are covered under the Micro Small & Medium Enterprises Development Act, 2006 are not available. Hence, details regarding principal amount and interest paid/due thereon is not given.

12) There are no dues to Small Scale Industries and Investor Education and Protection Fund as at 31st March 2009 (Previous Year: Nil)

13) Previous year's figures have been regrouped wherever necessary.

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.**
**SCHEDULE 16: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1. Registration Details</b>	
CIN No.	U67120MH1994PLC080039
State Code	11
Balance Sheet date	31/03/2009
<b>2. Capital Raised During the Year</b>	
Public Issue	NIL
Rights Issue	NIL
Preferential Issue u/s 81(1A)	9.82
Bonus Issue	NIL
Private Placement	NIL
<b>3. Positions of Mobilisation and Deployment of Funds</b>	
Total Liabilities	2,013.32
Total Assets	2,013.32
<b>Sources of Funds</b>	
Paid-up Capital	774.82
Preference Share Application Money	500.00
Reserves & Surplus	130.55
Secured Loans	514.66
Unsecured Loans	56.00
Deferred Tax Liability	37.29
<b>Application of Funds</b>	
Net Fixed Assets	1,045.24
Investments	268.10
Net Current Assets	699.98
Misc. Expenditure	NIL
Accumulated Losses	NIL
<b>4. Performance of Company</b>	
Turnover	3,817.38
Total Expenditure	4,457.48
Profit Before Tax	(640.10)
Profit After Tax	(670.10)
Dividend Rate %	-
Earning per Share in Rs.	(2.55)
<b>5. Products of the Company</b>	Share Broking
Item code No.:	N.A.

**Note:** The above particulars should be read alongwith the Balance Sheet as at 31st March, 2009 the Profit & Loss Account for the year ended on that date and the schedules forming part thereof.

As per our Report attached.

**For Ford, Rhodes, Parks & Co.,**  
Chartered Accountants

**Executive Chairman** M.V.Doshi  
**Director** M.S.Bhise  
**Director** V.N.Suchanti

**A.D.Shenoy**  
Partner  
Membership No 11549  
Mumbai  
Dated : 5th May, 2009

Mumbai  
Dated : 5th May, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

 As at  
 31.3.2008  
 Rs In Lacs

<b>A. Cash Flow From Operating Activities:</b>	<b>(454.56)</b>		606.41
Net Profit / (Loss) before tax and Extraordinary items and Interest			
Adjustments for :			
Depreciation	298.74	322.58	
Loss on sale of assets	7.41	3.11	
Interest / Dividend Received / Misc	(107.39)	(120.92)	
Profit on sale of shares	(276.56)	(279.20)	
Prov for non-performing assets	-	54.34	
	<u>(77.80)</u>		<u>(20.08)</u>
Operating Profit before Working capital changes	<b>(532.36)</b>		586.33
Adjustments for :			
Trade and other receivables	1,556.39	508.69	
Trade payables	(2,432.57)	(876.17)	655.84
Cash generated from operations	<u>(1,408.53)</u>		<u>1,242.17</u>
Interest paid	(185.55)	(173.01)	
Direct taxes paid	(49.64)	(235.19)	27.47
Cash flow before extraordinary items	<u>(1,643.72)</u>		<u>1,096.63</u>
<b>Net cash from operating activities</b>	<b>(1,643.72)</b>		1,096.63
<b>B. Cash flow from Investing Activities</b>			
Purchase of fixed assets	(304.66)	(513.68)	
Sale of fixed assets	11.88	105.26	
Purchase of investments	(3.89)	(112.50)	
Sale of investments	277.06	286.11	
Interest received	103.50	114.08	
Dividend received	3.89	6.84	
<b>Net cash from investing activities</b>	<u>87.78</u>		<u>(113.89)</u>
<b>C. Cash flow from financing activities</b>			
Proceeds from issue of share capital, including	509.82	-	-
Increase in Secured Loans	460.61	28.89	
(Decrease) / Increase in Unsecured Loans	(639.63)	695.63	
Dividend paid	330.81		724.52
<b>Net cash used in financing activities</b>	<u>330.81</u>		<u>724.52</u>
Net increase/(decrease) in cash and cash equivalents	<b>(1,225.13)</b>		1,707.26
Cash and cash equivalents (opening)	2,480.62		773.36
Cash and cash equivalents (closing)	<b>1,255.49</b>		2,480.62

As per our Report attached.

**For Ford, Rhodes, Parks & Co.,**  
 Chartered Accountants

**Executive Chairman**      **M.V.Doshi**  
**Director**                      **M.S.Bhise**  
**Director**                      **V.N.Suchanti**
**A.D.Shenoy**  
 Partner  
 Membership No 11549  
 Mumbai  
 Dated : 5th May, 2009

 Mumbai  
 Dated : 5th May, 2009

# **AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF LKP FINANCE LTD (FORMERLY KNOWN AS LKP MERCHANT FINANCING LTD.,) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LKP FINANCE LTD (FORMERLY KNOWN AS LKP MERCHANT FINANCING LTD.), AND ITS SUBSIDIARY**

1. We have audited the attached Consolidated Balance Sheet of LKP Finance Ltd (formerly known as LKP Merchant Financing Ltd. ("the company") and its subsidiary as at 31st March 2009, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow for the year ended on that date, which we have signed under reference to this report. Our responsibility is to express an opinion on this consolidated statement based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on 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.
3. The financial statements of the subsidiary LKP Securities Ltd have been audited by us whose financial reflect total assets of Rs 2013.32 lacs as at 31st March, 2009 and total revenues of Rs 3817.38 lacs for the year ended on that date.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31st March 2009.
  - (b) In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year then ended and
  - © In the case of the consolidated Cash Flow Statement, of the consolidated Cash Flows of the Company and its subsidiary for the year then ended.

Mumbai  
Date: 5th May, 2009

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants

**A.D.SHENOY**  
Partner  
Membership No.11549

**CONSOLIDATED BALANCE SHEET OF LKP FINANCE LIMITED  
(FORMERLY LKP MERCHANT FINANCING LIMITED) AND ITS  
SUBSIDIARY COMPANIES AT 31ST MARCH, 2009**

		Schedule	Rs in Lacs	Rs in Lacs	As at 31.3.2008 Rs in Lacs
<b>I SOURCES OF FUNDS :</b>					
<b>1. Shareholders Funds</b>					
a.	Share Capital	1	1,271.13		1,530.00
b.	Partly Paid Conveertible Warrants		194.00		194.00
c.	Reserves and Surplus	2	<u>11,086.87</u>		<u>5,081.39</u>
				12,552.00	6,805.39
<b>2. Loan Funds</b>					
a.	Secured Loans	3	5,838.30		54.05
b.	Unsecured Loans	4	56.00		695.63
				5,894.30	749.68
<b>3</b>	<b>Deffered Tax Liability (Net)</b>			-	37.29
	<b>TOTAL</b>			<u>18,446.30</u>	<u>7,592.36</u>
<b>II APPLICATION OF FUNDS :</b>					
<b>1. Fixed Assets</b>					
a.	Gross Block	5	7,865.14		7,841.86
b.	Less : Depreciation		<u>6,663.94</u>		<u>6,402.30</u>
c.	Net Block			1,201.20	1,439.56
d.	Goodwill on consolidation			526.72	1,301.54
<b>2.</b>	<b>Deffered Tax Asset (Net)</b>			263.75	-
<b>3.</b>	<b>Investments</b>	6		5,255.31	769.73
<b>4. Current Assets, Loans &amp; Advances</b>					
a.	Stock on hand	7	1,099.62		249.28
b.	Sundry Debtors	8	1,699.46		4,515.35
c.	Cash & Bank Balances	9	8,757.62		2,785.69
d.	Loans & Advances	10	<u>10,650.89</u>		<u>6,342.09</u>
				22,207.59	13,892.41
<b>Less : Current Liabilities and Provisions</b>					
a.	Liabilities	11	7,773.22		8,312.45
b.	Provisions	12	<u>3,235.05</u>		<u>1,498.43</u>
			<u>11,008.27</u>		<u>9,810.88</u>
	<b>Net Current Assets</b>			11,199.32	4,081.53
	<b>TOTAL</b>			<u>18,446.30</u>	<u>7,592.36</u>

NOTES TO THE ACCOUNTS  
& ACCOUNTING POLICIES

16

CASH FLOW STATEMENT, SCHEDULES 1 TO 16 ANNEXED HERETO FORM PART OF THE  
BALANCE SHEET AND PROFIT & LOSS ACCOUNT

As per our Report attached.

**For Ford, Rhodes, Parks & Co.,**  
Chartered Accountants

**Executive Chairman**      **M.V.Doshi**  
**Director**                      **M.S.Bhise**  
**Director**                      **V.N.Suchanti**

**A.D.Shenoy**  
Partner  
Membership No 11549

Mumbai  
Dated : 5th May, 2009

Mumbai  
Dated : 5th May, 2009



**CONSOLIDATED PROFIT & LOSS ACCOUNT OF LKP FINANCE LIMITED (FORMERLY LKP MERCHANT FINANCING LIMITED) AND ITS SUBSIDIARY COMPANY FOR THE PERIOD ENDED 31ST MARCH, 2009.**

	Schedule	Rs in Lacs	Rs in Lacs	Previous Year Rs in Lacs
<b>INCOME :</b>				
Income from Operations			10,222.15	754.16
Income from				
Broking Activities			3,410.54	5,458.83
Other Income	13		369.36	727.57
			<u>14,002.05</u>	<u>6,940.56</u>
<b>EXPENDITURE :</b>				
Establishment Charges	14	1,519.03		1,624.13
Administrative and other expenses	15	3,020.13		3,847.23
			<u>4,539.16</u>	<u>5,471.36</u>
Interest and Finance charges.		519.75		1,270.91
Depreciation.		315.69		339.54
			835.44	1,610.45
<b>AMORTISATION OF TRADE MARK</b>		20.00		1,708.38
<b>TRANSFER FROM TRADE MARK RESERVE</b>		(20.00)		(1,708.38)
Operating Profit / (Loss)			8,627.45	(141.25)
<b>ADD/LESS : EXTRAORDINARY DEBITS / CREDITS</b>				5,734.18
<b>PROFIT BEFORE TAXATION</b>			8,627.45	5,592.93
<b>PROVISION FOR DEFERRED TAX NET</b>			301.04	-
<b>PROVISION FOR TAX-CURRENT YEAR</b>			(1,025.00)	(985.00)
<b>PROVISION FOR FRINGE BENEFIT TAX</b>			(32.36)	(30.11)
<b>TAX RELATING TO EARLIER YEARS</b>				118.91
			<u>7,871.13</u>	<u>4,696.73</u>
<b>PROFIT AFTER TAXATION</b>			7,871.13	4,696.73
<b>PROFIT BROUGHT FORWARD FROM LAST YEAR</b>			1,273.29	(2,624.05)
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<u>9,144.42</u>	<u>2,072.68</u>
<b>APPROPRIATIONS:</b>				
<b>TRANSFERRED TO GENERAL RESERVE</b>			4,830.00	500.00
<b>TRANSFERRED TO CAPITAL REDEMPTION RESERVE</b>			8.87	-
<b>PROPOSED DIVIDEND</b>			889.79	256.00
<b>TAX ON PROPOSED DIVIDEND</b>			151.22	43.39
<b>PROFIT CARRIED TO BALANCE SHEET</b>			<u>3,264.54</u>	<u>1,273.29</u>
NOTES TO THE ACCOUNTS, ACCOUNTING POLICIES & CASH FLOW STATEMENT	16			

As per our Report attached.

For Ford, Rhodes, Parks & Co.,  
Chartered Accountants

A.D.Shenoy  
Partner  
Membership No 11549  
Mumbai  
Dated : 5th May, 2009

Executive Chairman M.V.Doshi  
Director M.S.Bhise  
Director V.N.Suchanti

Mumbai  
Dated : 5th May, 2009

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH, 2009

	Rs. In lacs	As at 31/3/2008 Rs. In lacs
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
(i) 2,00,00,000 Equity Shares of Rs 10/- each.	2,000.00	2,000.00
(ii) 10,00,000 Redeemable Cumulative Preference Shares of Rs.100/-each	1,000.00	1,000.00
	<u>3,000.00</u>	<u>3,000.00</u>
<b>Issued,Subscribed &amp; Paid up :</b>		
(i) 128,00,000 Equity Shares of Rs.10/- each	1,280.00	
Less : 88,737 Shares extinguished on Buy back	8.87	1,280.00
(ii) 250,000 13.5% Redeemable Cumulative Preference Shares of Rs.100/- each.	-	250.00
<b>TOTAL</b>	<u>1,271.13</u>	<u>1,530.00</u>
<b>SCHEDULE 2- RESERVES &amp; SURPLUS</b>		
<b>Share Premium Account</b>		
Balance as per last Balance Sheet.	2,255.16	3,020.16
Less : Amount paid in excess of face value on buy back	39.64	2,215.52
<b>Trade Mark Reserve</b>		
Balance as per last Balance Sheet.	20.00	1,728.38
Less: Transferred to Profit & Loss account.	20.00	1,708.38
	-	20.00
Balance as per last Balance Sheet.	767.94	267.94
Add : Transferred from / to Profit & Loss account.	4,830.00	500.00
	<u>5,597.94</u>	<u>767.94</u>
<b>Capital Redemption Reserve Account</b>		
Balance as per last Balance Sheet.	-	-
Add : Transferred from Profit & Loss account.	8.87	-
Balance in Profit & Loss Account	3,264.54	1,273.29
<b>TOTAL</b>	<u>11,086.87</u>	<u>3,808.10</u>
<b>SCHEDULE 3 - SECURED LOANS</b>		
A. Term Loans from Financial Institutions	1,200.00	-
B. Working Capital Loans From Banks	4,572.00	-
C. Vehicle Loan A/c	66.30	-
<b>TOTAL</b>	<u>5,838.30</u>	<u>54.05</u>
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
Short Term Loans	-	695.63
Inter Corporate Deposit	56.00	-
Overdrawn Current Account Book Balance	-	-
<b>TOTAL</b>	<u>56.00</u>	<u>695.63</u>

### SCHEDULE 5 - FIXED ASSETS

Description of Assets	Gross Block (At Cost)				Depreciation / Amortisation				Net Block	
	As at 01-04-2008	Additions	Deduction / Adjustments	As at 31.03.2009	As at 01-04-2008	for the year 2008-09	Deductions/ Adjustments	As at 31.03.2009	As at 31.03.2009	As at 01-04-2008
<b>I. OWN ASSETS</b>										
Office Premises	138.49	-	-	138.49	65.00	1.20	-	66.20	72.29	73.49
Premises	342.46	-	236.25	106.21	81.25	12.52	49.81	43.96	62.25	261.21
Furniture & Fixtures	491.01	27.66	11.35	507.32	255.99	46.17	6.16	296.00	211.32	68.28
Air Conditioners	24.97	-	-	24.97	23.76	0.16	-	23.92	1.05	1.21
Office Equipments	1,377.15	177.53	2.61	1,552.07	712.36	198.64	1.44	909.56	642.51	404.49
Vehicles	232.74	72.53	38.95	266.32	66.68	52.69	26.02	93.35	172.97	68.82
Leasehold Improvements	9.25	34.73	-	43.98	0.85	4.31	-	5.16	38.82	8.40
LKP FOREX Trade Mark	2,095.00	-	-	2,095.00	2,075.00	20.00	-	2,095.00	0.00	20.00
Sub-Total	4,711.07	312.45	289.16	4,734.36	3,280.89	335.69	83.43	3,533.15	1,201.21	905.90
<b>II ASSETS ON LEASE</b>										
Plant & Machinery	3,130.78	-	-	3,130.78	3,121.41	-	9.37	3,130.78	-	9.37
Sub-Total	3,130.78	-	-	3,130.78	3,121.41	-	9.37	3,130.79	-	9.37
<b>Grand Total</b>	<b>7,841.85</b>	<b>312.45</b>	<b>289.16</b>	<b>7,865.15</b>	<b>6,402.30</b>	<b>335.69</b>	<b>92.80</b>	<b>6,663.94</b>	<b>1,201.21</b>	<b>915.27</b>
Previous Year	6,948.18	537.13	240.85	7,244.46	3,831.56	2,047.92	666.37	6,329.20	915.27	-

# SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

## SCHEDULE 6 - INVESTMENTS (at Cost)

Quoted Shares Fully Paid (at Cost),classified as Long Term Investments				As at 31-3-2008		
	Quantity	Face Value	Cost Rs in Lacs	Quantity	Face Value	Cost Rs in Lacs
<u>NAME OF THE COMPANY</u>						
Garware Polyester Ltd.	100	10	0.07	100	10	0.07
ICICI Bank Ltd.	10	10	0.02	10	10	0.02
Tata Motors Ltd	8	10	0.03	100	10	0.03
Maharashtra Polybutane Ltd	35,067	10	7.02	701,349	10	7.02
JSW Steel Ltd	47	10	0.01	47	-	0.01
Liquid Benchmark Units	6,028	1000	60.28	5,639	1000	56.40
United Breweries Ltd	-	-	-	1,600	1	3.86
D S Kulkarni Developers Ltd	732	10	0.71	732	10	0.71
Gold Crest Finance (I) Ltd	10,000	10	1.00	10,000	1.00	
Infra Industries Ltd	149,000	10	44.70	149,000	44.70	
Axis IT & T Ltd	500	10	0.41	500	0.41	
ONGC Ltd	72	10	0.36	72	0.36	
Rupa Industries Ltd	8,900	10	0.89	8,900	0.89	
TCI Finance Ltd	8,300	10	2.49	8,300	2.49	
Geodesic Information Systems Ltd	4,528	10	12.00	4,528	12.00	
Relaince Power Ltd	17,440	10	64.81	10,900	64.81	
Central Bank of India Ltd	51,205	10	43.67	51,205	10	60.63
Thomas Cook (India) Ltd Equity Shares	14,282,010	1	4,700.35	14,949,000	1	236.68
Thomas Cook (India) Ltd 0.001% Class B Preference Shares	319,765	10	50.63	319,765	10	50.63
Thomas Cook (India) Ltd 0.001% Class C Preference Shares	271,800	10	43.03	271,800	10	43.03
<b>(Class B &amp; C Preference Shares are Convertible into Equity Shares within a period of seven years on Thomas Cook (India) Limited achieving certain levels of EPS)</b>						
SUB-TOTAL			5,032.48			585.75
<b>UNQUOTED &amp; FULLY PAID UP:</b>						
The Saraswat Co-op Bank Ltd.	1,005	10	0.10	1,005	10	0.10
Ring Plus Acqua Ltd			-	87,800	10	60.55
The Hindustan Times Ltd.	350	10	12.57	350	10	12.57
Doshi Holding Pvt Ltd.	7,600	10	0.76	7,600	10	0.76
Gayatri Cement & Chemicals Industries Pvt.Ltd	10,000	100	64.00	10,000	100	64.00
Gobind Sugar Ltd	9,600	10	17.85	9,600	10	17.85
Bombay Stock Exchange Ltd	11401		17.55	877	-	17.55
SUB-TOTAL			112.83			173.38
<b>INVESTMENT IN MUTUAL FUNDS:</b>						
Birla Income Plus			-			0.10
JP Morgan Alpha Fund			100.00			-
Shriram Interval Fund 97	5,000		-	5,000		0.50
LIC Mutual Fund	100,000		10.00	100,000		10.00
			110.00			10.60
TOTAL			5,255.31			769.72
i. Aggregate of quoted investments - At Cost			5,032.48			585.75
- Market Value			4,920.93			14,569.57
ii. Aggregate of unquoted investments - At Cost.			222.83			183.98

## SCHEDULE 7 - STOCK ON HAND

	Rs in Lacs	As at 31-3-2008 Rs in Lacs
a. In Shares		
- Valued at cost or market value whichever is lower	1,099.62	249.28
TOTAL	1,099.62	249.28

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

	Rs in Lacs	As at 31-3-2008 Rs in Lacs
<b>SCHEDULE 8 - SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
a. Lease Rentals - At agreement values (All debts due and outstanding for more than 6 months)	128.74	128.74
Less: Provision for Non-Performing Assets	128.74	128.74
	-	-
b. Other debts	1,699.46	4,515.35
<b>TOTAL</b>	<u>1,699.46</u>	<u>4,515.35</u>
<b>SCHEDULE 9 - CASH AND BANK BALANCES</b>		
Cash on hand (Including cheques on hand Rs NIL lacs (Previous Yr Rs NIL lacs)	2.14	2.66
Balance with Scheduled Banks:		
in Current Account	857.03	2,310.32
in Fixed Deposit	7,898.41	472.67
Cooperative Bank :	0.04	0.04
<b>TOTAL</b>	<u>8,757.62</u>	<u>2,785.69</u>
<b>SCHEDULE 10 - LOANS &amp; ADVANCES</b>		
(Considered Good)		
Deposit with Companies and others	1,719.04	1,893.81
Advances recoverable in cash or in kind or for value to be received	7,037.98	2,347.26
Tax Deducted at Source & Self Assesment Tax	1,796.25	469.94
Fringe Benefit Tax-advance	92.72	57.21
Trade Deposits	4.90	1573.87
<b>TOTAL</b>	<u>10,650.89</u>	<u>6,342.09</u>
<b>SCHEDULE 11 - LIABILITIES</b>		
Sundry Creditors	7,773.22	8,312.45
<b>TOTAL</b>	<u>7,773.22</u>	<u>8,312.45</u>
<b>SCHEDULE 12 - PROVISIONS</b>		
Provision for Income Tax	2,052.48	1107.22
Provision for Fringe Benefit Tax	101.73	66.99
Provision for Dividend	1,041.01	299.39
Provision for Gratuity	39.83	24.83
<b>TOTAL</b>	<u>3,235.05</u>	<u>1,498.43</u>
<b>SCHEDULE 13 - OTHER INCOME</b>		
		(Previous Year)
Dividend Income	274.45	553.61
Bad Debts recovered	-	4.60
Miscellaneous Income	23.14	20.46
Profit on sale of assets	71.77	101.40
Others	-	47.50
<b>TOTAL</b>	<u>369.36</u>	<u>727.57</u>
<b>SCHEDULE 14 - ESTABLISHMENT CHARGES</b>		
		(Previous Year)
Salary and Allowances	1,355.99	1,455.64
Directors Remuneration	62.56	59.50
Contribution to Provident Fund/ESIC.	60.76	54.81
Other Allowances	2.46	7.30
Staff Welfare	37.26	46.88
<b>TOTAL</b>	<u>1,519.03</u>	<u>1,624.13</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

### SCHEDULE 15 - ADMINISTRATIVE EXPENSES

(Previous Year)

Rent, Rates & Taxes	298.10	259.35
Repairs - Others	126.97	95.61
Electricity	76.42	74.21
Advertisement	28.65	54.40
Directors Fees	0.53	0.24
Traveling & Conveyance	115.37	131.64
Postage, Telegram & Telephones	202.02	359.67
Broker Note & Stamp Duty	-	275.00
Legal and Professional Charges	209.35	320.02
Printing & Stationery	104.24	129.01
Auditors Remuneration :		
Audit fees	3.14	2.57
Tax audit fees	0.17	0.17
Vehicle Maintenance	43.14	35.27
Insurance	19.57	7.97
Bills of Exchange written off	-	31.70
Loans Irrecoverable written off	168.99	289.14
Loss on sale of fixed assets	7.40	3.08
Donation	0.72	1.38
Miscellaneous Expenses	1,615.35	1,776.80
	<u>3,020.13</u>	<u>3,847.23</u>

### SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH, 2009- (Contd.)

#### SCHEDULE 16 – SIGNIFICANT ACCOUNTING POLICIES.

##### Basis of Accounting

1. The accounts have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The financial statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government, in terms of section 211 (3C) of the Companies Act, 1956.
2. Principles of Consolidation
  - (a) The consolidated financial statements relate to LKP Finance Ltd (formerly known as LKP Merchant Financing Limited (the Company) and its Subsidiary Company.

The consolidated financial statements have been prepared on the following basis.

- The financial statements of The Company and its Subsidiary Company have been combined on a line-by-line basis by adding together income and expenses, after fully eliminating intra-group balances and intra-group transactions.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- The excess of cost to the company of its investments in the Subsidiary Company is recognised in the financial statements as goodwill.
- No disclosure has been made for share of profit and share in net assets of the subsidiary in respect of Minority interest (2.31% of the Subsidiary's Equity Capital).

- (b) The Subsidiary Company in the consolidated financial statements is:

Name of the Company	Country of Incorporation	% of voting power held as at 31st March, 2009.
LKP Securities Limited	India	97.69

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009.

### (c) Other Significant Accounting Policies

These are set out in the notes to accounts under “Statement of Accounting Policies” of the financial statements of the Company and LKP Securities Limited.

3. Segment reporting and related information is not given, as the same is not applicable to the Company and its Subsidiary as there is only one segment.
4. Particular with respect to Earnings per share is calculated as follows:

	2008-09	2007-08
Profit / (Loss) after Taxation (Rupees in Lacs)	7,871.13	4,696.73
Number of Shares Outstanding	1,27,11,263	12,800,000
	<b>Rs. Ps.</b>	<b>Rs. Ps.</b>
Earnings per shares (Basic)	61.92	36.69
Earnings per shares (Diluted)	57.41	34.03
Face Value of Share	10	10

- 5) As per the Accounting Standard 18, issued by the Institute of Chartered Accounts Of India, disclosures of transactions with the related parties as defined in the Accounting Standards are given below:

- (i) List of related parties with whom transactions have taken place and relationships.  
(Relationship : Subsidiary Company, Associate, Key Managerial Personnel)

	Name of the Related Party	Relationship
1.	LKP Securities Ltd.	Subsidiary Company
2.	Peak Plastonics Pvt. Ltd.	Associate Company
3.	MKM Share & Stock Brokers Ltd.	Associate Company
4.	Sea Glimpse Investments Pvt. Ltd.	Associate Company
5.	Bhavna Holdings Pvt. Ltd.	Associate Company
6.	M/s. L.K. Panday	Associate Company
7.	Mr. M V Doshi	Key Managerial Personnel

- (ii) Transaction with related parties.

	Subsidiary Company	Associate	Key Managerial Personnel	Total (Rs.in Lacs)
<b>Rent Income</b>	4.32	-	-	4.32
<b>Interest Income</b>	-	17.41	-	17.41
<b>Directors Remuneration</b>	-	-	36.00	36.00

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2009

(Rs In Lacs)

As at  
31.3.2008

## A. Cash Flow From Operating Activities:

Net Profit/(Loss) before tax and Extraordinary  
Items and Interest.

9,498.32

1,129.66

Adjustments for: Depreciation

315.68

-

Dividend Received

(274.45)

(553.61)

Interest Paid

(437.70)

(1,270.91)

Taxes Paid

-

896.20

Profit on sale of investments

(14,971.76)

9,190.24

Profit on sale of assets

(64.36)

-

Advances and leased assets w/off

(159.37) (15,273.22)

(2,920.00)

5,341.92

Operating Profit before Working Capital Changes

(5,774.90)

6,471.58

Adjustments for working capital changes

(2,650.68)

5,221.76

Cash Generated from operations

(8,425.58)

11,693.34

Interest paid

(519.75)

(1,270.91)

Direct taxes paid

(939.80) (1,459.55)

(896.20)

(2,167.11)

Net cash from operating activities

(9,885.13)

9,526.23

## B. Cash flow from investing activities

Purchase of fixed assets

(312.45)

(537.13)

Sale of fixed assets

240.09

465.04

Purchase of Investments

(4,789.19)

(843.88)

Sale of Investments

15,284.10

1,266.49

Dividend received

377.95

553.61

Net cash used in investing activities

10,800.52

904.13

## C. Cash flow from financing activities

Proceeds from long term borrowings

5,056.54

(8,064.89)

Net cash used in financing activities

5,056.54

(8,064.89)

Net increase in cash and cash equivalents

5,971.93

2,365.47

Cash and cash equivalents. (opening)

2,785.69

420.22

Cash and cash equivalents. (closing)

8,757.62

2,785.69

As per our Report attached.

For Ford, Rhodes, Parks & Co.,

Executive Chairman

M.V.Doshi

Chartered Accountants

Director

M.S.Bhise

Director

V.N.Suchanti

A.D.Shenoy

Partner

Membership No 11549

Mumbai

Dated : 5th May, 2009

Mumbai

Dated : 5th May, 2009



**LKP Finance Limited**  
112A, Embassy Centre,  
Nariman Point,  
Mumbai - 400 021.