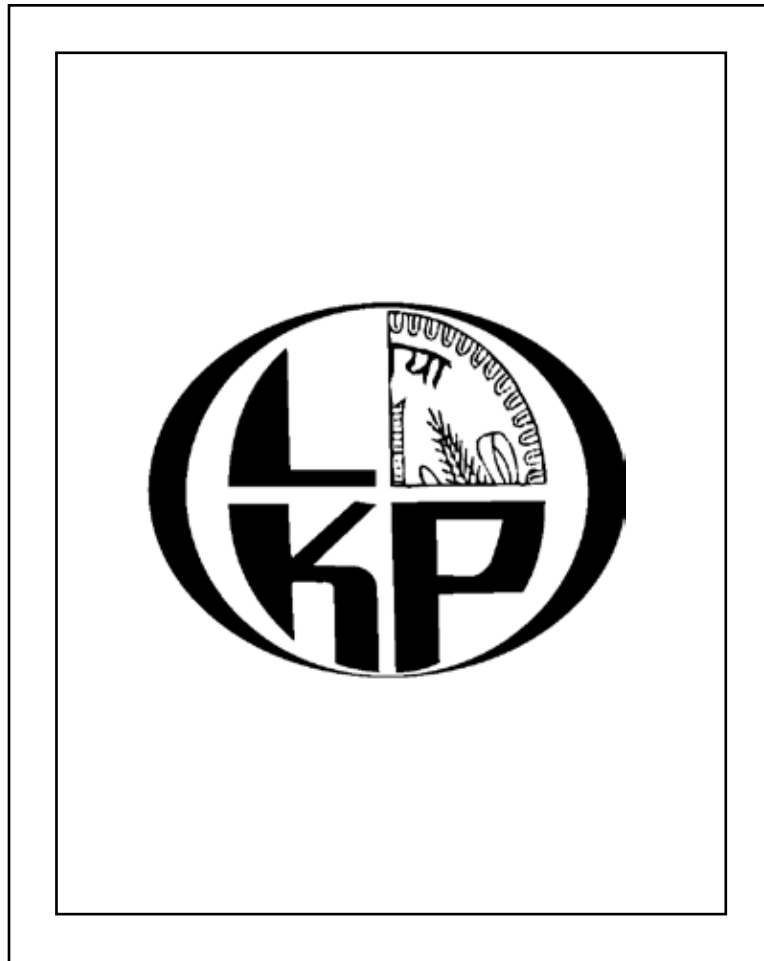


LKP Finance Limited



26TH ANNUAL REPORT 2009-2010

LKP FINANCE LIMITED

Board of Directors :

Mr. M. V. Doshi *Executive Chairman*

Mr. M. S. Bhise

Mr. V. N. Suchanti

Mr. Hariharan Padmanabhan

Mr. P. M. Doshi

Mr. Sayanta Basu

Company Secretary :

Mr. G. B. Innani

Auditors :

Ford, Rhodes, Parks & Co.,
Sai Commerical Building,
312 / 313, 3rd Floor,
BKS Devshi Marg,
Govindi (East),
Mumbai - 400 088.

Registered Office :

203, Embassy Centre,
Nariman Point,
Mumbai - 400 021.
Tel. : 40024785 / 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

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*Annual General Meeting on Monday, 12th July 2010 at
11.00 a.m. at M. C. Ghia Hall, Hargovindas Building,
18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.*

**DIRECTORS' REPORT**

The Directors present the Twenty Sixth Annual Report and Audited Accounts of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS	2009 – 2010	2008 – 2009
	(Rs. in lacs)	(Rs. in lacs)
Profit / (Loss) before tax	2099.70	9267.54
Less/(Add): Provision for Tax & Fringe Benefit Tax	178.07	726.32
Profit / (Loss) after tax	1921.63	8541.22
Add: Previous year Items	16.94	---
Profit/(Loss) brought forward from previous year	3133.98	642.64
Amount available for appropriation	5072.55	9183.86
APPROPRIATIONS:		
Proposed Dividend	915.42	889.79
Tax on Dividend	155.58	151.22
Transfer to Capital Redemption Reserve Account	36.13	8.87
Transfer to General Reserve	200.00	5000.00
Transfer to Special Reserve Fund	2092.57	---
Balance carried to Balance Sheet	1672.85	3133.98

DIVIDEND

The Board of Directors are pleased to recommend a dividend @ Rs. 7/- per equity share of the Company for the financial year ended 31st March 2010. The total cash outflow on account of dividend & tax thereon Rs. 1,071.00 lacs.

PERFORMANCE REVIEW

The Company's total income decreased from Rs. 10,283.42 lacs to Rs. 3,612.25 lacs and profit after tax Rs.1,921.64 lacs from Rs. 8541.22 lacs in the previous year.

The figures of the year under review are not strictly comparable with those of the previous year. During the previous year, the Company had divested major portion of its holdings in the 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) Limited.

The efforts of the Fixed Income Market team to develop trading in debt papers and development of retail clients like PF/Pension/ Gratuity trust etc. has yielded good results.

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.

SHARE CAPITAL

In term of consent of the Members which 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, the buy-back of equity shares of the Company under Section 77A of the Companies Act, 1956, was commenced on February 24, 2009 and was closed with effect from July 17, 2009. The Company had bought-back and extinguished in aggregate 4,50,000 equity shares from the Open Market on the Bombay Stock Exchange Limited at an average price Rs. 77.70 per equity Share. The total amount expended in the buy back is Rs. 349.65 lacs, being 37% of the maximum authorized buy back amount.

On March 31, 2010 the Company has allotted 7,27,489 equity shares of Rs. 10/- each, at a premium of Rs. 110/- per share in full conversion of 7,27,489 11 % Compulsorily Convertible Debentures of Rs. 120/- each fully paid-up to Agrud Captal Pte. Ltd., Singapore, in term of Special Resolution dated 27th August 2009 passed by members through Postal Ballot.

The paid up equity share capital of the company as on March 31, 2010 stands at Rs. 13,07,74,890/- divided into 1,30,77,489 equity shares of Rs. 10/- each fully paid-up.

ESOP

With a view to motivating the employees of the Company and its subsidiary (LKP Securities Limited) by rewarding performance, retaining best talents and to enable them to participate in the future growth and success of the Company, the Board has considered it prudent to introduce 'Employees' Stock Option Scheme 2010' (ESOP). The said ESOP has been formulated in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. The said ESOP could give rise to the issue of equity shares not exceeding 9,05,000 equity shares of Rs. 10/- each at such price, in one or more tranches and on such terms and conditions, as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing from time to time. The consent of members for the said ESOP has been obtained by special resolutions passed on 17th March 2010, as per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The Compensation Committee has granted 5,99,500 Stock Options to the eligible employees in terms of the said Plan during the financial year 2010-2011.

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.

SUBSIDIARIES

Your Company's subsidiary, LKP Securities Ltd. has reported improved results. LKP Securities Ltd. has expanded its geographical reach and now has 414 outlets across 147 cities in India.

During the year under review M/s Gayatri Cement and Chemical Industries Pvt. Ltd. became Wholly Owned Subsidiary of the 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 subsidiaries of the Company are 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



during the year under report. The detail of outgo is mentioned in point no. 10 of Notes to Accounts under Schedule 16.

DIRECTORS

Mr. Mahendra V. Doshi retires by rotation and being eligible offers himself for reappointment. Mr. Mahendra V. Doshi is re-appointed with revised remuneration as an Executive Chairman of the Company for a period of 5 years with effect from April 1, 2009 by a Special Resolution passed by members through postal ballot on March 17, 2010.

At the Board Meeting held on October 26, 2009, Mr. Hariharan Padmanabhan and Mr. Pratik M. Doshi were appointed as additional Directors on the Board. Resolutions for their re-appointment as Directors are placed in the Notice for consideration of the members. The Directors recommend these Resolutions for acceptance.

Mr. Sayanta Basu is appointed on October 26, 2009 as a Nominee Director on the Board by the strategic equity investor Agrud Capital Pte. Ltd., Singapore.

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 Companies as approved by their 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, Bankers , Institutions and Employees for their co-operation and support.

For and on behalf of the Board of Directors

Mumbai
Date: April 28, 2010

(M. V. Doshi)
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	Gayatri Cement & Chemical Industries P Ltd
2. Financial Year ending	31.3.2010	31.3.2010
3. Date from which the Company became a subsidiary.	1.4.95	31.3.2010
4. Extent of Holding Company's interest in the subsidiary Company's Shareholding (in %)	97.69	100
	<u>Rs in Lacs</u>	<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	130.55	(27.77)
b. for the previous financial years since it became the Holding Company's Subsidiary	630.65	0.00
Profits dealt with or (Losses) provided for in the holding Company Accounts.		
a. for the financial year of the Subsidiary	--	--
b. for the previous financial years since it became the holding Companys subsidiary	--	--

For and on behalf of the Board of Directors

Mumbai
Date: April 28, 2010

(M. V. Doshi)
Executive Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

Financial year 2009-10 marks a partial recovery year which came on the heels of the depression that had gripped the markets in 2008-09. The possibility of a recovery after a bleak 2008-09 is attributable to the massive stimuli announced by countries worldwide to minimize the impact of the depression and get their economies back on track, though the results are not as yet so significant and the economies of some of the European countries are still under doldrums.

The movements of the stock markets impact your company being an Investment Company. The Indian stock market is up 110% from the lows it made in March 2009, though reported earnings growth is still moderate, and reforms are moving more slowly than expected. India's inflation rates remain at an all time high despite various economic and other measures been taken by the Government and RBI from time to time to curb the same. Crude oil prices are a constant threat with the potential for negative consequences for India's macro outlook. India was among the top three performing markets globally in 2009-10 and is expected to hold its position in the coming year also. Investments are back in the country and there is a flood of IPO's in the market. However, global sentiments continue to affect the markets.

Opportunities and Threats

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

The business of subsidiary company i.e. LKP Securities Ltd. is affected by the sentiments prevailing in the stock markets.

The Company is one of the reputed broking houses of the country, having a network of 414 outlets across India. The 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, trading in Mutual Funds through exchanges etc. provide significant business opportunities for the Company. The Indian Capital Market has a very high growth potential. The macroeconomic 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, depend on the performance of the Stock Markets, which is very difficult to comment upon. The stock markets, which had seen a sharp fall in the year 2008-2009, rose back to ~17,500 levels by 2009-10. If the growth continues we can look forward to a good year.

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

Risks and Concerns

The stock broking industry has recently witnessed intense competition, falling brokerage rates and the entry of several big players. The Company's Subsidiary Company continues to achieve cost efficiencies through the application of technology. However with the availability of financial resources, we are hopeful that the said 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.

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 had made a preferential issue of 7,27,489 11% Compulsorily Convertible Debentures of Rs. 120/- each aggregating to Rs. 8,72,98,680/- during the year to Agrud Capital Pte. Ltd., Singapore. The said 7,27,489 debentures have been converted in 7,27,489 equity shares of Rs. 10/- each at a premium Rs.110/- per share.

The Company has bought-back from the Open Market on the Bombay Stock Exchange Limited further 361,263 equity shares in 2009-10 in continuation of its buyback announcement made in 2008-09 which have been extinguished till March 31, 2010.

The paid up equity share capital of the Company as on March 31, 2010 stands at Rs. 130,774,890 divided into 13,077,489 equity shares of Rs. 10/- each fully paid up.

Reserve and Surplus

The Reserves and Surplus increased from Rs. 10,956.32 lacs to Rs. 12,553.12 lacs. The upfront payment of Rs. 194 lacs received upon allotment of 10 lac warrants was forfeited during the year and transferred to the Capital Reserve.

Investments

The total investment increased to Rs. 7,352.20 lacs as at March 31, 2010 against Rs. 6,288.73 lacs at the end of the previous year.

Loan

Secured loan decreased to Rs. 1,732.91 lacs from Rs. 5,323.64 lacs. .

Total Income

During the year under consideration total income was Rs. 3,612.25 lacs as against Rs. 10,283.42 lacs in the previous year.

Other Income

During the year under consideration other income was Rs. 435.70 lacs as against Rs. 72.01 lacs in the previous year.

Interest and Finance Charges

During the year under consideration total interest and finance charges were Rs. 623.12 lacs as against Rs.334.20 lacs in the previous year.

Provision for Tax

During the year under consideration the provision for tax, was Rs. 178.01 lacs as against Rs. 727.32 lacs in 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 2010 the Company had 59 employees.

The Company believes in sharing based on performance & potential. Hence the company has approved ESOP for its Key Employees in recognition of their performance and as a measure of retention.

LKP Securities Ltd. places significant importance to its human capital. As on 31st March 2010 there are 396 employees employed by the Company. 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
Date: April 28, 2010

(M. V. Doshi)
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 2010 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
Independent	Mr. Hariharan Padmanabhan	Director
Promoter	Mr. Pratik M. Doshi	Director
Nominee	Mr. Sayanta Basu	Director

The Board has accordingly optimum combination of Executive and Non-Executive Directors and Independent and Non-Independent Directors. Non-Executive Independent Directors of your Company have no pecuniary relationship or any transaction with your Company.

Mr. Sayanta Basu represents Agrud Capital Pte Ltd., Singapore, a strategic equity investor in the Company.

Attendance at Board Meetings and last Annual General Meeting.

Directors	No. of Board Meetings Attended	Whether Attended last AGM
1. Mr. M. V. Doshi	5	Yes
2. Mr. Milan S. Bhise	4	Yes
3. Mr. Vineet N. Suchanti	5	Yes
4. *Mr. Hariharan Padmanabhan	2	Not Applicable
5. *Mr. Pratik M. Doshi	2	Not Applicable
6. *Mr. Sayanta Basu	2	Not Applicable

(* Appointed w.e.f. October 26, 2009)

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 3
Mr. Milan S. Bhise	--	-- --
Mr. Vineet N. Suchanti	9	-- --
Mr. Hariharan Padmanabhan	1	-- --
Mr. Pratik M. Doshi	5	-- --
Mr. Sayanta Basu	2	-- --

Profile of Director being Re-appointed:

Name	Mr. Mahendra V. Doshi	Mr. Hariharan Padmanabhan	Mr. Pratik M. Doshi
Age	61 Years	57 Years	29 Years
Date of Appointment	5 th May 1984	26 th October 2009	26 th October 2009
Qualification	MBA – U. S. A.	B.Tech-IIT Kanpur PGDM-IIM Calcutta	B. A. In Economics-UK

Expertise Mr. Mahendra V. Doshi is the promoter of the Company and is associated with Company since inception. He was appointed as Executive Chairman w.e.f. 26th July, 2001. He has over 33 years vast experience in the field of Finance, Capital Market and Business Administration. Mr. M. V. Doshi retires by rotation at the ensuing Annual General Meeting and is proposed to be re-appointed as the Director of the Company.

Mr. Hariharan Padmanabhan is a serial entrepreneur, Foreign Exchange, a global Stock Market and Commodity Market. level executive, mentor and angel investor.

Other Directorships

1. Nilkamal Ltd.	Prime Focus Ltd.	1. MKM Share and Stock Brokers Ltd.
2. Graviss Hospitality Limited		2. Bhavana Holdings Pvt. Ltd.
3. LKP Securities Ltd.		3. LKP Holdings Pvt. Ltd.
4. MKM Share and Stock Brokers Ltd.		4. SolarEx P V Solutions Pvt. Ltd.
5. Bhavana Holdings Pvt. Ltd.		5. Alpha Commodity Pvt. Ltd.
6. LKP Holdings Pvt. Ltd.		
7. Peak Plastonics Pvt. Ltd.		
8. Sea Glimpse Investment Pvt. Ltd.		
9. SolarEx P V Solution Pvt. Ltd.		

Chairman / Member of Committee of the Board of the Companies on which he is a Director as on 28th April 2010.

LKP Finance Ltd.	Nil	Nil
i. Share Transfer Committee-Chairman		
ii. Compensation Committee -Chairman		
iii. Audit Committee-Member		
Graviss Hospitality Limited		
i. Audit Committee - Chairman		
ii. Shareholders & Investors Grievance Committee – Member		
Nilkamal Ltd.		
i. Audit Committee – Member		
ii. Remuneration Committee - Member		

Board Meeting

In financial year 2009-2010, the Board met five times. The Board meetings were held on 5th May 2009, 27th July 2009, 5th September 2009, 26th October 2009 and 21st January 2010.

3 Audit Committee

The Board has set up Audit Committee having two Independent Directors Mr. Milan S. Bhise and Mr. Vineet N. Suchanti. 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 5th May 2009, 27th July 2009, 26th October 2009 and 21st January 2010. 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. 96.65 lacs towards remuneration (details of which are provided in Schedule 16 of the Notes to Accounts) to Mr. Mahendra V. Doshi, Executive Chairman of the Company pursuant to the special resolution passed by members through postal ballot on March 17, 2010. At present, Independent Directors are not paid any remuneration.

Professional Fees to Director

The Board of Directors has approved the payment of professional fees of Rs. One Crore p.a. to Mr. Sayanta Basu for rendering professional services to the Company, pursuant to Special Resolution dated 17th March 2010 passed by members through postal ballot.

Sitting Fees paid to Directors for attending Board Meetings

1. Mr. Milan S. Bhise	Rs. 20,000/-
2. Mr. Vineet N. Suchanti	Rs. 25,000/-
3. Mr. Hariharan Padmanabhan	Rs. 10,000/-
4. Mr. Pratik M. Doshi	Rs. 10,000/-
5. Mr. Sayanta Basu	Nil
6. Mr. M. V. Doshi	Nil

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 23 shareholders' complaints were received. There is no complaint which has remained un-addressed. 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. The said Committee was dissolved on 20th July 2009 after the completion of bought back and extinguishment of 4,50,000 equity shares of the Company.

7. Compensation Committee

The Board of Directors in their meeting held on 26th October 2009, constituted Compensation Committee of Directors consisting Mr. M. V. Doshi as Chairman and Mr. Milan S. Bhise and Mr. V. N. Suchanti as Members of said Committee for administration and superintendence of Company's 'Employees' Stock Option Plan 2010' (ESOP).

The said Committee is entrusted with the authority and power to formulate the detail terms and conditions of the ESOP including the matters as stated in Clause 5 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

8. General Body Meetings

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

Financial Year	Day	Date	Time
2008-2009	Tuesday	2 nd June 2009	10.30 a.m.
2007-2008	Saturday	9 th August, 2008	10.30 a.m.
2006-2007	Monday	6 th August, 2007	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.
2008-2009	No Special resolution passed.
2007-2008	To approve Change of Name of the Company as LKP Finance Limited.
2006-2007	To approve the payment of Remuneration to Shri M. V. Doshi, Executive Chairman.

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

1. Postal Ballot Notice dated July 27, 2009.

Pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 in respect to create, offer, issue and allot in one or more tranches, on preferential allotment basis, not exceeding 7,27,500 (Seven Lacs Twenty Seven Thousand Five Hundred only) 11 % Compulsorily Convertible Debenture of Rs. 120/- each fully paid-up to be converted in to one number of equity share of the Company of Rs. 10/- each, at a premium of Rs. 110/- per share, within a period not earlier than 6 (Six) months but not exceeding 18 (Eighteen) months from the date of issue of such Debentures, to Agrud Capital Pte. Limited, Singapore (Strategic Investor).

Details of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received	54	78,63,763	--
b)	Less: Invalid Postal Ballot Forms	3	210	--
c)	Net Valid Postal Ballot Forms	51	78,63,553	100.000
d)	Postal Ballot Forms with assent for the Special Resolution	48	78,63,153	99.995
e)	Postal Ballot Forms with dissent for the Special Resolution	3	400	0.005

2. Postal Ballot Notice dated January 21, 2010.

1. Alteration in the Other Objects Clause of the Memorandum of Association.

To alter the Other Objects Clause i.e. III C, of the Memorandum of Association of the Company by inserting the following new clause 45 after the existing clause 44 :

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

Details 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	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	3	329	--
e)	Net Valid Postal Ballot Forms	138	6906756	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	135	6906306	99.993
g)	Postal Ballot Forms with dissent for the Special Resolution	3	450	0.007



2. To Commence and carry on all or any of the new business and activities as amended above.

Details 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	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	3	15968	--
e)	Net Valid Postal Ballot Forms	138	6891117	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890567	99.992
g)	Postal Ballot Forms with dissent for the Special Resolution	4	550	0.008

3. (a) Pursuant to the provisions of Section 81(1A) read with Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to approve Employees' Stock Option Scheme 2010 of the Company which could give rise not exceeding 9,05,000 equity shares of Rs. 10/- each.

Details 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	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	2	15943	--
e)	Net Valid Postal Ballot Forms	139	6891142	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890367	99.989
g)	Postal Ballot Forms with dissent for the Special Resolution	6	775	0.011

(b) To approve grant of options under Employees' Stock Option Scheme 2010 to eligible employees of the Subsidiary Company within overall limit as mentioned in (a) above.

Details of voting pattern:

S r. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--

c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	2	15948	--
e)	Net Valid Postal Ballot Forms	139	6891137	100.00
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890487	99.991
g)	Postal Ballot Forms with dissent for the Special Resolution	5	650	0.009

(c) To approval of grant of options not exceeding 3,90,000, under Employees' Stock Option Scheme 2010 to Identified Eligible Employee within overall limit as mentioned in (a) above.

Details 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	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	3	15968	--
e)	Net Valid Postal Ballot Forms	138	6891117	100.00
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890567	99.992
g)	Postal Ballot Forms with dissent for the Special Resolution	4	550	0.008

4. Re-appointment of Mr. Mahendra V. Doshi as an Executive Chairman of the Company with revised remuneration.

Details of voting pattern:

S r. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	2	15963	--
e)	Net Valid Postal Ballot Forms	139	6891122	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	133	6890267	99.988
g)	Postal Ballot Forms with dissent for the Special Resolution	6	855	0.012



5. Payment of Professional Fees to Mr. Sayanta Basu a Non Executive Director of the Company.

Details 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	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	3	15968	--
e)	Net Valid Postal Ballot Forms	138	6891117	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890567	99.988
g)	Postal Ballot Forms with dissent for the Special Resolution	4	550	0.012

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 results of the voting by Postal Ballot were announced on August 27, 2009 and March 17, 2010 respectively, at 5.00 p.m. at the Registered Office of the Company at 203, Embassy Centre, Nariman Point, Mumbai – 400 021, and were 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.

9. Disclosure

- 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.
- 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.
- No personnel have been denied access to the Chairman or members of the Audit Committee. The mechanism of Whistle Blower Policy is not established.
- To the extent possible, the Company has complied with the mandatory requirement of this clause.

10. Means of Communication

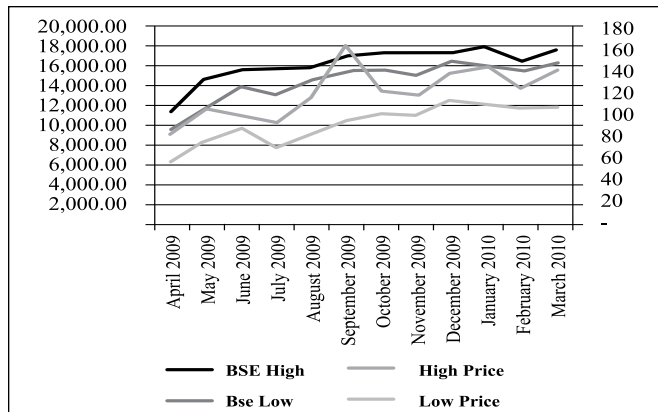
- The financial results of all four quarters were published in The Financial Express and Mumbai Lakshyadeep dailies. These were not sent individually to the shareholders.
- The Company's results or official news are not displayed on a web site. There were no presentations made to the institutional investors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

11. General Shareholder Information

AGM Date, Time and Venue	Monday, 12 th July 2010 at 11.00 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) 1 st Quarter - Last week of July 2 nd Quarter - Last week of October 3 rd Quarter - Last week of January 4 th Quarter - Last week of June
Book Closure	July 5, 2010 to July 12, 2010 (both days inclusive)
Dividend payment date	On or after July 13, 2010
Listing on Stock Exchange	The Stock Exchange, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1 st April 2010 to 31 st March 2011. The Company is taking up the matter with appropriate authority of the Stock Exchange, Ahmedabad subsequent to their refusal for accepting voluntary delisting application.
Demat ISIN No. for Depositories	INE 724A01017

Market Price Data and Performance in comparison to BSE Sensex

Month	High Price	Low Price	No. of Shares	No. of Trades	BSE Sensex	
					High	Low
April 09	82.70	57.00	1,97,134	406	11,492.10	9,546.29
May 09	105.00	77.10	1,43,121	936	14,930.54	11,621.30
June 09	98.00	87.00	1,12,584	413	15,600.30	14,016.95
July 09	92.90	70.00	1,00,144	293	15,732.81	13,219.99
August 09	114.00	80.00	1,14,286	788	16,002.46	14,684.45
September 09	164.10	94.00	18,96,348	16,443	17,142.52	15,356.72
October 09	121.00	100.00	5,32,250	5,453	17,493.17	15,805.20
November 09	117.80	100.50	2,35,788	2,325	17,290.48	15,330.56
December 09	137.80	113.25	3,36,358	4,070	17,530.94	16,577.78
January 10	142.30	110.10	2,96,234	3,298	17,790.33	15,982.08
February 10	122.40	105.00	1,20,763	1,122	16,669.25	15,651.99
March 10	140.00	106.50	7,69,173	1,942	17,793.01	16,438.45





LKP Finance Limited

Registrar and Share Transfer Agent

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 2010

Shares slab	Share Holders	%	Total Shares	Amount (Rs.)	%
UPTO - 500	5431	88.01	752432	7524320	5.75
501 - 1000	335	5.43	260703	2607030	1.99
1001 - 2000	181	2.93	273124	2731240	2.09
2001 - 3000	64	1.04	163598	1635980	1.25
3001 - 4000	28	0.45	99934	999340	0.76
4001 - 5000	24	0.39	109843	1098430	0.84
5001 -10000	44	0.71	281365	2813650	2.15
10001 & Above	64	1.04	11136490	111364900	85.16
Total :	6171	100.00	13077489	130774890	100 .00

Share holding pattern as on 31st March 2010

Category	No. of shares held	% of share holding
1 Indian Promoters/ Persons acting in concert	70,45,277	53.87
2 Mutual Funds and UTI	1,400	00.01
3 Banks, Financial Institutions and Insurance Companies	2,750	00.02
4 FIIs	4,59,164	03.51
5 Private Corporate Bodies	23,91,697	18.29
6 Indian Public	22,16,501	16.96
7 Foreign Corporate Bodies	7,27,489	5.56
8 NRIs / OCBs	2,33,211	1.78
Total	1,30,77,489	100.00

Dematerialization of equity Shares and liquidity

As on 31st March 2010, 90.42 % of the Company's total shares represented by 1,18,24,407 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 had issued and allotted on 25th February 2008, 10,00,000 (Ten Lacs) warrants to the promoters group.

The said warrants holder had not exercised their right to apply for and seek allotment of equity shares within the stipulated period of 18 months from the date of issue of the said warrants. Accordingly the right of the warrant holders had expired. The said 10 lac warrants stand cancelled and the Board of Directors of the Company had forfeited the upfront payment of Rs. 1.94 Cr. received upon allotment in respect of the said warrants.

Address for correspondence

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

For and on behalf of Board of Directors

Mumbai
Date: April 28, 2010

(M. V. Doshi)
Executive Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

LKP Finance Limited

We have examined the compliance of conditions of Corporate Governance by LKP Finance Limited for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in Clause 49 of 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, 2010, no investor grievances are pending/un-addressed by the Company as on 28th April, 2010, as per the records maintained by the Company and presented to the Shareholders' Grievance Committee.

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

For Ford, Rhodes, Parks & Co.,

Chartered Accountants
Firm Registration No.102860W

(A. D. Shenoy)

Place: Mumbai
Date: April 28, 2010

Partner
Membership No. 11549



AUDITORS REPORT TO THE MEMBERS OF LKP FINANCE LIMITED

We have audited the attached Balance Sheet of LKP Finance Limited (formerly known as LKP Merchant Financing Limited) as at 31st March 2010 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.
 - e) On the basis of written representations received from the directors of the Company, as on 31st March, 2010 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, 2010 from being appointed as a Director in terms of clause (g) of the sub-section (1) of Section 274 of the Companies Act, 1956.
3. 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 2010.
 - (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
Firm Registration No.102860W

Mumbai
Date: 28th April, 2010.

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 neither taken nor granted 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.
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, 2010 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:

<u>Nature of dues pending</u>	<u>Amount</u>	<u>Forum where dispute is</u>
Income Tax (Asst year 2003-2004)	Not Quantified	Appellate Tribunal Mumbai.
Income Tax (Asst year 2004-2005)	Not Quantified	Appellate Tribunal Mumbai.
Income Tax (Asst year 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. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
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. During the year the company has issued Compulsory Convertible Debentures (CCD) which have been converted into equity shares.
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
Firm Registration No.102860W

Mumbai
Date: 28th April, 2010.

A. D. Shenoy
Partner
Membership No.11549

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule	Rupees	Rupees	As at 31-3-2009 Rupees
I SOURCES OF FUNDS :				
1. Shareholders Funds				
a. Share Capital	1	130,774,890		127,112,630
b. Share Warrants.		-		19,400,000
b. Reserves and Surplus	2	1,255,312,758		1,095,632,321
			1,386,087,648	1,242,144,951
2. Loan Funds				
Secured Loans	3	173,290,744		
			173,290,744	532,363,803
TOTAL			1,559,378,392	1,774,508,753
II APPLICATION OF FUNDS :				
1. Fixed Assets				
a. Gross Block	4	55,354,054		584,712,000
b. Less : Depreciation / Amortisation		44,188,239		569,115,000
c. Net Block			11,165,815	15,597,000
2. Defferred Tax Asset				
			47,297,000	30,104,000
3. Investments				
	5		735,219,853	628,872,988
4. Current Assets, Loans & Advances				
a. Stock on hand	6	118,730,949		109,964,982
b. Sundry Debtors	7	984,537		2,748,864
c. Cash & Bank Balances	8	376,905,527		750,211,183
d. Loans & Advances	9	691,609,500		652,976,174
			1,188,230,513	1,515,901,202
Less : Current Liabilities and Provisions				
a. Liabilities	10	84,737,016		116,167,927
b. Provisions	11	337,797,773		299,798,510
			422,534,789	415,966,437
Net Current Assets			765,695,724	1,099,934,766
TOTAL			1,559,378,392	1,774,508,754
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
Firm Registration No.102860W

A. D. Shenoy
Partner
Membership No 11549

Mumbai
Dated : 28th April, 2010

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

Mumbai
Dated : 28th April, 2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

	Schedule	Rupees	Rupees	Previous Year Rupees
INCOME :				
Net Income from Operations			317,654,384	1,021,141,520
Other Income	12		43,570,990	7,201,335
			361,225,374	1,028,342,855
EXPENDITURE :				
Establishment Charges	13	29,166,559		25,498,263
Administrative and other expenses	14	59,171,204		40,976,081
			88,337,763	66,474,344
			272,887,611	961,868,511
Interest and Finance charges.		62,318,168		33,419,567
Depreciation.		598,728		1,694,000
			62,916,896	926,754,943
AMORTISATION OF TRADE MARK		-		2,000,000
TRANSFER FROM TRADE MARK RESERVE		-		2,000,000
Operating Profit / (Loss)			209,970,715	926,754,943
PROFIT/(LOSS) BEFORE TAXATION			209,970,715	926,754,943
PROVISION FOR TAXATION-CURRENT			35,000,000	102,500,000
PROVISION FOR DEFERRED TAX NET			(17,193,000)	(30,104,000)
PROVISION FOR FRINGE BENEFIT TAX			-	236,000
PROFIT AFTER TAXATION			192,163,715	854,122,943
EXCESS DIVIDEND AND TAX ADDED BACK			1,693,734	-
PROFIT / (LOSS) BROUGHT FORWARD FROM LAST YEAR			313,398,778	64,264,000
AMOUNT AVAILABLE FOR APPROPRIATION :			507,256,227	918,386,943
APPROPRIATION:				
TRANSFERRED TO GENERAL RESERVE			20,000,000	500,000,000
CAPITAL REDEMPTION RESERVE ACCOUNT			3,612,630	887,370
SPECIAL RESERVE FUND			209,257,350	-
PROPOSED DIVIDEND			91,542,423	88,978,841
TAX ON PROPOSED DIVIDEND			15,557,635	15,121,954
PROFIT CARRIED TO BALANCE SHEET			167,286,190	313,398,778
EARNINGS PER SHARE BASIC (Note 7 on Schedule 16)			14.69	67.19
EARNINGS PER SHARE DILUTED (Note 7 on Schedule 16)			14.69	62.29
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
Firm Registration No.102860W

A. D. Shenoy
Partner
Membership No 11549

Mumbai
Dated : 28th April, 2010

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

Mumbai
Dated : 28th April, 2010

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010.**

	Rupees	As at 31-3-2009 Rupees
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
(i) 2,00,00,000 Equity Shares of Rs 10/- each.	200,000,000	200,000,000
(ii) 10,00,000 Redeemable Cumulative Preference Shares of Rs.100/-each	100,000,000	100,000,000
	300,000,000	300,000,000
Issued,Subscribed & Paid Up :		
1,27,11,263 Equity Shares of Rs 10/- each	127,112,630	128,000,000
Add : 7,27,489 Equity Shares issued	7,274,890	-
Less : 3,61,263 Shares extinguished during the year on buy back (Previous Yr 88,737)	3,612,630	887,370
	130,774,890	127,112,630
	TOTAL	127,112,630
	130,774,890	127,112,630
Note:		
1. The above equity shares include 22,50,000 Equity shares allotted as Bonus Shares by capitalization of Share Premium Account.		
SCHEDULE 2- RESERVES & SURPLUS		
Capital Reserve		
Share Warrants monies forfeited during the year.	19,400,000	-
Share Premium Account		
Balance as per last Balance Sheet.	221,552,221	225,516,125
Add : Premium amount on 7,27,489 Equity Shares	80,023,790	-
Less: Amount paid in excess of face value on buy back.	26,500,744	3,963,904
	275,075,267	221,552,221
Capital Redemption Reserve Account		
Balance as per last Balance Sheet.	887,370	887,370
Add: Transferred from Profit & Loss account.	3,612,630	-
	4,500,000	887,370
Special Reserve Fund		
Transferred from Profit & Loss account during the year	209,257,350	-
General Reserve		
Balance as per last Balance Sheet.	559,793,951	59,793,951
Add: Transferred from Profit & Loss account.	20,000,000	500,000,000
	579,793,951	559,793,951
Balance in Profit & Loss Account	167,286,190	313,398,778
	TOTAL	1,095,632,321
	1,255,312,758	1,095,632,321
SCHEDULE 3 - SECURED LOANS		
Term Loan from Housing Development Finance Corp Ltd (secured against mortgage of properties and pledge of shares)	120,000,000	120,000,000
Loan from a Corporate against pledge of shares.	53,019,233	-
Vehicle Loan (Secured against hypothecation of the Vehicle)	271,511	478,295
Bank Overdraft (secured against pledge of Fixed Deposit Receipts)	-	411,885,507
	173,290,744	532,363,803
TOTAL	173,290,744	532,363,803



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010 - (Contd.)

SCHEDULE 4 - FIXED ASSETS

Rupees

Description of Assets	Gross Block (At Cost)			Depreciation				Net Block	
	As at 1st April 2009	Additions	Deductions	As at 31st March, 2010	As at 31st March, 2009	Depreciation for the year	Deductions for the year	As at 31st March, 2010	As at 31st March, 2009
Office Premises	13,849,000		6,800,745	7,048,255	6,620,000	1,408	2,947,299	3,674,109	3,374,146
Premises	10,621,000			10,621,000	4,396,000	279,084		4,675,084	5,945,916
Furniture & Fixtures	14,344,299			14,344,299	14,215,000	43,297		14,258,297	86,002
Air Conditioners	2,494,127			2,494,127	2,392,000	14,138		2,406,138	87,989
Office Equipment's	20,046,000	23,825		20,069,825	18,849,000	161,798		19,010,798	1,059,027
Vehicle	776,548			776,548	64,810	99,003		163,813	612,735
Grand Total	62,130,974	23,825	6,800,745	55,354,054	46,536,810	598,728	2,947,299	44,188,239	11,165,815
Previous Year	607,560,000	777,000	23,625,000	584,712,000				569,115,000	15,597,000

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)

As at 31-3-2009

Quoted Equity Shares Fully Paid (at Cost)	Quantity	Face Value	Cost Rupees	Quantity	Face Value	Cost Rupees
<u>NAME OF THE COMPANY</u>						
Garware Polyester Ltd.			-	100	10	6,800
I C I C I Bank Ltd.			-	10	10	1,700
Tata Motors Ltd	8	10	3,061	8	10	3,061
Maharashtra Polybutane Ltd	30,000	10	666,189	701,349	10	701,709
JSW Steel Ltd	47	10	1,280	47	10	1,280
D S Kulkarni Developers Ltd	583	10	64,130	583	10	64,130
Central Bank of India	25,000	10	797,750	25,000	10	797,750
Thomas Cook (India) Ltd	11,282,110	1	365,040,758	14,282,010	10	470,034,354
NHPC Ltd	131,910	10	4,748,760			-
Reliance Industries Ltd (Includes 36,000 Bonus Shares)	52,000	10	17,401,939			-
Larsen & Toubro			-	49,000	10	-
8.95% IDBI UPPER TIER II 2024 BONDS	4	1000000	4,219,047			-
SUB-TOTAL			392,942,914			471,610,784
UNQUOTED & FULLY PAID UP:						
Thomas Cook (India) Ltd 0.001% Class B Preference Shares	319,765	10	5,062,680	319,765	10	5,062,680
Thomas Cook (India) Ltd 0.001% Class C Preference Shares	271,800	10	4,303,274	271,800	10	4,303,274
(Class B & C Preference Shares are Convertible into Equity Shares within a period of seven years on Thomas Cook (India) Limited achieving certain levels of EPS)						
The Saraswat Co-op Bank Ltd. (Equity Shares)	1,005	10	10,050	1,005	10	10,050
The Hindustan Times Ltd. (Equity Shares)	5,600	10	1,256,500	5,600	10	1,256,500
LKP Holdings Pvt Ltd (Equity Shares)	7,600	10	76,000	7,600	10	76,000
Hemavathy Power & Light Pvt Ltd. (Equity Shares)	20,000,000	5	100,000,000			-
SUB-TOTAL			110,708,504			10,708,504
INVESTMENT IN MUTUAL FUNDS :						
JP Morgan Aalpha Fund.			-			10,000,000
BenchMark Mutual Fund.	147.342	1000	14,735			-
SUB-TOTAL			14,735			10,000,000
INVESTMENT IN SUBSIDIARY COMPANIES :						
LKP Securities Ltd.-Equity Shares	25,635,000	2	105,153,700	25,635,000	2	105,153,700
LKP Securities Ltd-Preference Shares	1,100,000	10	110,000,000	250,000	10	25,000,000
Gayatri Cement & Chemicals Industries Pvt.Ltd -Equity Shares	21,000	100	16,400,000	10,000	100	6,400,000
SUB-TOTAL			231,553,700			136,553,700
TOTAL			735,219,853			628,872,988
i. Aggregate of quoted investments - At Cost			392,942,914			471,610,784
- Market Value			763,067,616			482,340,000
ii. Aggregate of unquoted investments - At Cost.			346,495,986			157,262,204

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010 - (Contd.)****SCHEDULE 6 - STOCK ON HAND**As at 31-3-2009
Rupees

	Rupees	Rupees
a. In Shares		
- Valued at cost or market value whichever is lower	118,730,949	109,964,982
TOTAL	118,730,949	109,964,982

SCHEDULE 7 - SUNDRY DEBTORS

(Unsecured, Considered Good)

a. Lease Rentals - At agreement values (All debts due and outstanding for more than 6 months.)	-	12,874,332
Less: Provision for Non-Performing Assets	-	12,874,332
	<u>---</u>	<u>---</u>
b. Other Debtors (includes Rs NIL outstanding for more than 6 months (Previous year NIL))	984,537	2,748,864
TOTAL	984,537	2,748,864

SCHEDULE 8 - CASH AND BANK BALANCES

Cash on hand	8,724	6,131
Balance with Scheduled Banks:		
in Current Account	33,442,802	10,251,050
in Fixed Deposit	343,450,000	739,950,000
Balance with Co-op Bank:		
in Current Account	4,001	4,001
TOTAL	376,905,527	750,211,183

SCHEDULE 9 - LOANS & ADVANCES

(Considered Good)

Advances to Companies and others	35,601,857	59,880,510
Due from Subsidiary Companies	11,359,201	-
Advances recoverable in cash or in kind or for value to be received	441,414,157	442,873,276
Advance Tax, Self Assesment Tax & TDS	202,535,965	149,732,068
Deposits	698,320	490,320
TOTAL	691,609,500	652,976,174

SCHEDULE 10 - LIABILITIES

Sundry Creditors	2,109,178	1,790,532
Advances Received	81,234,594	99,127,735
Due to Subsidiary Company	-	14,918,234
Unclaimed Dividend (FY 07-08)	322,062	331,426
Unclaimed Dividend (FY 08-09)	1,071,182	-
Investor Education and Protection Fund	-	-
Small Scale Industries	-	-
TOTAL	84,737,016	116,167,927

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010 - (Contd.)****SCHEDULE 11 - PROVISIONS**

	Rupees	As at 31-3-2009 Rupees
Provision for Income Tax	230,000,000	195,000,000
Provision for Fringe Benefit Tax	697,715	697,715
Proposed Dividend (including Tax)	107,100,058	104,100,795
TOTAL	337,797,773	299,798,510

SCHEDULE 12 - OTHER INCOME

	Rupees	(Previous Year) Rupees
Profit on Sale of Assets	26,146,554	7,176,835
Provision for NPA no longer required	12,874,332	-
Bad Debts recovered	3,400,000	-
Miscellaneous Income	1,150,104	24,500
TOTAL	43,570,990	7,201,335

SCHEDULE 13 - ESTABLISHMENT CHARGES

	Rupees	(Previous Year) Rupees
Salary and Allowances.	18,140,607	19,964,476
Directors Remuneration	9,673,960	3,600,000
Contribution to Provident Fund/ESIC.	896,573	1,442,926
Other Allowances	385,164	246,239
Staff Welfare	70,255	244,622
TOTAL	29,166,559	25,498,263

SCHEDULE 14 - ADMINISTRATIVE EXPENSES

Rent, Rates & Taxes	350,104	656,369
Repairs - Others	315,509	142,786
Advertisement	309,917	66,315
Directors Fees	65,000	53,000
Travelling & Conveyance	5,025,076	3,276,072
Postage, Telegram & Telephones	877,583	825,356
Legal and Professional Charges	8,362,832	5,881,803
Printing & Stationery	330,934	149,830
Auditors Remuneration :		
Audit fees	137,875	93,755
Tax audit fees	27,575	16,545
Irrecoverable Lease rentals Written off	12,463,218	-
Loans Irrecoverable Written off	-	15,000,000
Old Leased Assets Written off	-	934,729
Brokerage	27,717,180	9,444,550
Donation	101,000	5,000
Miscellaneous Expenses	3,087,401	4,429,971
TOTAL	59,171,204	40,976,081



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 materialized.
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.
6. Investments are capitalized and accounted at the cost plus brokerage and stamp charges. 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.

Deferred tax assets arising from timing difference are recognized only on the consideration of prudence.

- 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.

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 had issued 10,00,000 Share Warrants to the Promoters at a price of Rs 194 per warrant and received 10% of the issue price (i.e Rs 19.40 per Warrant). The option of conversion of warrants into Equity Shares was to be exercised within a period of 18 months from the date of issue of these warrants. As the warrants holders have not exercised their option for conversion within 18 months period the amounts received towards these share warrants were forfeited during the year and transferred to Capital Reserve.
3. The company after obtaining shareholders approval announced buy back of its Equity Shares (pursuant to the provisions of the Companies Act, 1956 (Act) and in compliance of the Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998) on 10th February, 2009. The shareholders approved a buy back for a maximum amount of Rs 945 lacs and a maximum price of Rs 90/- per equity share. The scheme was operative upto July 2009. The company bought back 3,61,263 Shares during April / July 2009 and the total shares purchased during the full period (i.e. February 2009 to July 2009) were 4,50,000 Equity Shares. These equity shares have been extinguished. The company expended Rs 301.63 lacs for purchase of 3,61,263 equity shares (at an average price of Rs 83.35 per share (previous year 88,737 shares at an average price of Rs 54.67 per share). The excess amount paid over the face value of equity shares has been drawn from Share Premium Account.



4. During the year the company has issued 7,27,489 11% Compulsorily Convertible Debentures (CCDs) to a Corporate at a price of Rs120/- convertible into equal number of equity shares to be converted between 5th March 2010 to 4th March 2011. The said CCDs have been converted into 7,27,489 equity shares on 31.03.2010. The money received has been utilized for meeting the working capital requirements of the Company.

5. The company has contributed towards its gratuity liability for employees to Life Insurance Corporation of India - Group Gratuity Scheme based on the annual contribution as intimated by Life Insurance Corporation of India.

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

	31.03.2010	31.03.2009
	Rs. in lacs	Rs. in lacs
a. Present value of obligation at the beginning of the year	39.48	34.92
b. Current service cost	3.91	5.70
c. Interest Cost	3.16	2.79
d. Benefits paid	(10.49)	(1.54)
e. Actuarial (Gain)/Loss	6.59	1.16
f. Present value of the obligation at the end of the year	42.65	43.03

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

	31.03.2010	31.03.2009
	Rs. in lacs	Rs. in lacs
a. Fair value of Plan Assets at the beginning of the year	44.45	26.52
b. Expected return on Plan Assets	3.84	2.92
c. Contributions	9.01	16.53
d. Benefits paid	(10.49)	(1.54)
e. Actuarial (Gain)/Loss on plan assets	Nil	Nil
f. Fair value of the plan assets at the end of the year	46.81	44.45

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

	31.03.2010	31.03.2009
	Rs. in lacs	Rs. in lacs
a. Present value of Obligation as at the end of the year	42.65	43.03
b. Fair value of Plan assets at the end of the year	46.81	44.45
c. Excess of Fair Value of Plan Asset over Present Value of Obligation	4.16	1.42

IV) Expenses charged to Profit & Loss account

	31.03.2010	31.03.2009
	Rs. in lacs	Rs. in lacs
	9.01	16.53

	As at 31.03.2010	As at 31.03.2009
	(Rs. in Lacs)	(Rs. in Lacs)

6. Managerial Remuneration under Section 198 of the Act to Executive Chairman		
Salary	36.00	36.00
House Rent Allowance	18.00	--
Commission	42.00	--
Contribution to Provident Fund	0.09	0.09
Perquisites	0.65	--
	<u>96.74</u>	<u>36.09</u>

Computation of net profits in accordance With Section 198 read with Section 309(5) of the Act.

Profit before Taxation as per Profit and Loss Account	2099.71
Add:	
Remuneration to Director	96.74
Directors Fees	0.65
Depreciation as per Profit and Loss Account	5.99
Profit on sale of Fixed Assets as per Section 349 of the Act	29.47
	132.85
Less:	
Depreciation as per Section 350 of the Act	5.05
Profit on sale of Fixed Assets as per books	261.47
	<u>266.52</u>
Net Profit as per Section 198 of the Companies Act, 1956	<u>1966.04</u>
Maximum permissible remuneration to Executive Chairman restricted as per Shareholders' approval to 5% of the net Profits of the company.	98.30
Directors Sitting Fees	0.65

Note: Commission to Executive Chairman was approved by the shareholders through postal ballot (17th March, 2010). No Commission was due in the previous year.

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

	2009-10	2008-09
	Rs. Ps.	Rs. Ps.
Profit after Taxation (Rs in lacs)	1,921.64	8,541.22
Number of Shares Outstanding	13,077,489	12,711,263
Earnings per shares (Basic)	14.69	67.19
Earnings per shares (Diluted)	14.69	62.29
Face Value of Share	10	10



8 Taxation :

a. The company has made adequate provision for Income Tax based on the current year's taxable income. As the tax under Minimum Alternative Tax is higher than the tax computed under the normal provisions of the Income Tax Act, 1961 provision for current tax has been made as per Minimum Alternative Tax provisions of the Income Tax Act, 1961.

b. Deferred Tax Asset / (Liability)

	(Rs. in lacs)		
	As at 31.03.2010	For the year 31.03.2009	As at 31.03.2009
Written down value differential	(25.03)	13.93	(38.96)
Brought forward losses	<u>498.00</u>	<u>158.00</u>	340.00
	<u>472.97</u>	<u>171.93</u>	<u>301.04</u>

c. Assessments have been completed upto Asst. Year 2007-2008. Appeal has been filed with CIT (A) for Assessment Year 2004-2005, which is pending and the demand is NIL.

9. As per the Accounting Standard 18, 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
Gayatri Cement & Chemical Industries Pvt. 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	Partnership
Mr. M V Doshi	Key Managerial Personnel

(ii) Transaction with related parties.

	Subsidiary Company	Associate Company	Key Managerial Personnel	Total (Rs. In Lacs)
Rent Income	10.32	---	---	10.32
Interest Income	---	---	---	---
Directors Remuneration	---	---	96.74	96.74

10. Expenditure in Foreign Currency **For the**
Year
(Rs. In lacs) Previous Year (Rs. In lacs)

Foreign Travel **5.87** 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 derecognize certain income and make provisions for non-performing assets. As the market value of the quoted shares as at 31.03.2010 was higher as compared to the cost, no provision is required.

12. In compliance with Section 45IC of the Reserve Bank of India Act, the company has appropriated 20% of the Net Profit to Special Reserve Fund. (including for the financial year 2008-2009 Rs 1708.25 lacs)

13. Tax Deducted at Source on income: Rs. 110.77 lacs (Previous Year Rs. 190.16 lacs)

14. The company has no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31st March, 2010.

15. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31st March, 2010

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

**SCHEDULE 17 - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

CIN No.	L65990MH1984PLC032831
State Code	11
Balance Sheet Date	31.03.2010

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	1,981,913
Total Assets	1,981,913
Sources of Funds :	
Paid-Up Capital	130,775
Reserves & Surplus	1,255,313
Secured Loans	173,291
Unsecured Loans	-
Application of Funds :	
Net Fixed Assets	11,166
Investments	735,220
Nett.Current Assets	765,696
Misc.Expenditure	-
Accumulated Losses.	-

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

Turnover	361,225
Total Expenditure	151,255
Profit/(Loss) Before Tax	209,971
Profit/(Loss) After Tax	435,078
Earning Per Share in Rs. (Basic)	14.69
Earning Per Share in Rs. (Diluted)	14.69
Dividend rate in Rs.	7.00

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

(as per monetary terms)
Product Description : N.A.

As per our Report attached.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants
Firm Registration No.102860W

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

A. D. Shenoy
Partner
Membership No 11549

Mumbai
Dated : 28th April, 2010

Mumbai
Dated : 28th April, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	As at 31.3.2010	(Rs In Lacs) As at 31.3.2009
A. Cash Flow From Operating Activities:		
Net Profit/(Loss) before tax and Extraordinary Items and Interest.	3,352.06	9,952.88
Adjustments for:		
Depreciation	5.99	16.94
Dividend Received	(97.65)	(270.56)
Interest Paid	(623.18)	(334.20)
Profit on sale of investments	(2,250.18)	(14,695.20)
Profit on sale of assets	(261.47)	(71.77)
Advances Written off	124.63	150.00
Leased Assets Written off	--	9.37
	(3,101.86)	(15,195.42)
Operating Profit before Working Capital Changes	250.20	(5,242.54)
Adjustments for working capital changes	107.38	(1,774.51)
Cash Generated from operations	357.58	(7,017.05)
Interest paid	(623.18)	(334.20)
Direct taxes paid	(528.04)	(890.16)
Cash flow before extraordinary items	(793.64)	(8,241.41)
Net cash from operating activities	(793.64)	(8,241.41)
B Cash flow from investing activities		
Purchase of fixed assets	(0.24)	(7.77)
Sale of fixed assets (net)	300.00	228.21
Purchase of Investments	(2,213.84)	(4,785.32)
Sale of Investments	2,919.96	15,007.04
Dividend received	97.65	270.56
Net cash used in investing activities	1,103.53	10,712.72
C Cash flow from financing activities		
Redemption of Preference shares and buy back of equity shares.	571.85	(298.52)
Proceeds from long term borrowings	(3,590.73)	5,323.64
Dividend paid	(1,024.07)	(299.39)
Net cash used in financing activities	(4,042.95)	4,725.73
Net increase in cash and cash equivalents	(3,733.06)	7,197.04
Cash and cash equivalents. (opening)	7,502.12	305.08
Cash and cash equivalents. (closing)	3,769.06	7,502.12

As per our Report attached.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants
Firm Registration No.102860W

A. D. Shenoy
Partner
Membership No 11549

Mumbai
Dated : 28th April, 2010

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

Mumbai
Dated : 28th April, 2010

DIRECTORS' REPORT

The Directors present the Sixteenth Annual Report and Audited Accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS

	2009 - 2010	2008 - 2009
	Rupees	Rupees
	(In Lacs)	(In Lacs)
Income from Operation	4847.55	3388.62
Other Income	93.47	406.84
	4941.02	3795.46
Profit / (Loss) before Tax	304.00	(640.10)
Less: Provision for Taxation	51.47	-
Provision for earlier years Taxation	9.40	-
Provision for Fringe benefit tax	-	30.00
Add: MAT Credit Entitlement	(51.47)	-
Provision for Deferred Tax Asset	(153.15)	-
Profit / (Loss) after tax	447.75	(670.10)
Transfer from General Reserve	-	170.00
Profit brought forward from previous year	130.54	630.64
Balance carried to Balance Sheet	578.29	130.54

DIVIDEND

The Company has decided to retain the profits for business purposes and not declare any dividend for the year.

OPERATIONS

During the year under review the income from operations increased from Rs. 3388.62 lacs to Rs. 4847.55 lacs. The Company has made a profit before tax of Rs. 304 lacs as against loss of Rs. 640.10 lacs in the previous year.

a) Capital Market Division

Global recession hit the markets in FY08-09 and stimulus packages were announced by various countries. Though markets have not fully recovered and there have been new surprises thrown up like the current Greece crisis, there is some hope that Indian markets would be able to continue their strong growth trend.

The primary as well as secondary markets have picked up and a lot of new IPO offerings are in the fray. In the primary market, your company has a wide network for the distribution of IPOs and is strengthening its position by tying up with sub-brokers and agents across the country to cover up untapped potential centres.

In the secondary market segment 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 to 414 over 147 cities and towns in India.

Mutual fund advisory service

LKP Mutual Fund Advisory Service has geared up to offer 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. Continuous efforts are made to provide unbiased and independent advice backed by extensive product research.

Mutual fund advisory division derives its strength from widespread network of Direct Clients, Independent Financial Advisors and Corporate/Institution. Also online trading in Mutual Funds is expected to contribute to revenues.

b) Wholesale Debt Market Division

During the year under review your Company has made its 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 11 long-term debts Arranger and as No.2 Arranger for short-term debt placement. The Company has emerged as one of the top intermediary of Non-SLR debt papers in WDM segment of NSE/BSE.

SHARE CAPITAL

During the year, under review the Board of Directors has issued and allotted in aggregate 8,50,000 9% Non-cumulative Redeemable Preference Shares of Rs. 100/- each for cash at par to holding Company M/s. LKP Finance Limited to augment the long term working capital requirement of the Company.

DIRECTORS

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

The Directors recommend the resolutions for acceptance in respect of appointment of Mr. H. P. Doshi as whole-time Director as set out in the Notice.

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. 16.

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 AGENT

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 Agent 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 receive 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
April 28, 2010

(M. V. Doshi)
Director

(Dinesh Waghela)
Director

AUDITORS REPORT TO THE MEMBERS OF LKP SECURITIES LIMITED

We have audited the attached Balance Sheet of LKP Securities Limited as at 31st March 2010 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, the 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, 2010 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, 2010 from being appointed as a Director in terms of clause (g) of the sub-section (1) of Section 274 of the Companies Act, 1956.
3. 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 2010
 - (b) In the case of the Profit and Loss Account of the profit 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
Firm Registration No.102860W
A.D.Shenoy
Partner
Membership No.11549

Mumbai
Date: 28th April,2010

**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, 2010 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.

Nature of dues pending	Amount	Forum where dispute is
Income Tax (Asst year 2004-05)	23.05 lakhs	Tribunal
Income Tax (Asst year 2006-07)	5.40 lakhs	CIT (Appeals)

10. The Company has no accumulated losses as at 31st March,2010. However the Company has not incurred cash losses in the current financial year. However it has incurred cash losses in the immediately preceding 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,2010
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
Firm Registration No.102860W

Mumbai
Date: 28th April,2010

A.D.Shenoy
Partner
Membership No.11549

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31/3/2010 Rupees	As at 31/3/2009 Rupees
I SOURCES OF FUNDS :			
1 SHARE HOLDERS' FUNDS			
a Share Capital	1	162,482,000	77,482,000
b Preference Share Application Money		-	50,000,000
c Reserves & Surplus	2	57,829,425	13,054,628
		<u>220,311,425</u>	<u>140,536,628</u>
2 LOAN FUNDS			
a Secured Loans	3	168,181,183	51,466,023
b Unsecured Loans	4	5,600,000	5,600,000
		<u>173,781,183</u>	<u>57,066,023</u>
TOTAL		<u><u>394,092,608</u></u>	<u><u>197,602,652</u></u>
II APPLICATION OF FUNDS :			
1 FIXED ASSETS			
a Gross Block	5	203,403,443	201,801,647
b Less : Depreciation		118,035,109	97,277,625
c Net Block		<u>85,368,334</u>	<u>104,524,022</u>
2 INVESTMENTS			
	6	21,872,111	26,809,582
3 CURRENT ASSETS, LOANS & ADVANCES			
a Stock In Trade	7	11,284,881	-
b Sundry Debtors	8	277,707,602	167,197,162
c Cash & Bank Balances	9	202,194,192	103,100,412
d Loans & Advances	10	210,625,369	427,030,236
		<u>701,812,043</u>	<u>697,327,810</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
a Current Liabilities	11	397,228,780	603,622,446
b Provisions		29,316,434	23,706,967
		<u>426,545,214</u>	<u>627,329,413</u>
NET CURRENT ASSETS		<u>275,266,829</u>	<u>69,998,398</u>
Deferred Tax Asset (net)		<u>11,585,334</u>	<u>(3,729,350)</u>
TOTAL		<u><u>394,092,608</u></u>	<u><u>197,602,652</u></u>
Notes to the accounts & Accounting Policies Schedule 1 to 17 Annexed hereto form part of the Balance Sheet and Profit & Loss A/c	16		

As per our Report attached.

For **FORD, RHODES, PARKS & CO.,**

Chartered Accountants
Firm Registration No.102860W

A. D. Shenoy
Partner
Membership No 11549

Mumbai
Dated : 28th April, 2010

Director

M. V. Doshi

Director

D. K. Waghela

Mumbai

Dated : 28th April, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	2009-10 Rupees	2008-09 Rupees
INCOME			
Income from Operations		484,754,925	338,861,694
Other Income	12	9,347,380	40,684,067
		-	-
		<u>494,102,305</u>	<u>379,545,761</u>
EXPENDITURE			
Establishment Charges	13	149,239,239	126,405,410
Administration & Other Expenses	14	269,231,316	268,721,503
Interest & Finance Charges	15	20,939,875	18,554,521
Depreciation		24,291,613	29,874,405
Extra-ordinary items - net credit		-	-
NET PROFIT / (LOSS) FOR THE YEAR BEFORE TAXATION		30,400,263	(64,010,078)
Provision for taxation (MAT)		5,147,320	-
Short Provision for Tax for Earlier Years		940,151	
Mat Credit Entitlement		(5,147,320)	
Provision for Deferred Tax Asset		(15,314,684)	-
Fringe Benefit Tax			3,000,000
NET PROFIT FOR THE YEAR AFTER TAXATION		44,774,796	(67,010,078)
TRANSFER FROM GENERAL RESERVE		-	17,000,000
BALANCE BROUGHT FORWARD FROM LAST YEAR		13,054,629	63,064,706
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>57,829,425</u>	<u>13,054,628</u>
Basic and Diluted Earnings per Share (in Rupees)		1.71	(2.55)
(Refer note no 10 of Schedule 16)			
Notes to the accounts & Accounting Policies Schedule 1 to 16 Annexed hereto form part of the Balance Sheet and Profit & Loss A/c	16		

As per our Report attached.

For **FORD, RHODES, PARKS & CO.,**

Chartered Accountants
Firm Registration No.102860W

A. D. Shenoy
Partner
Membership No 11549

Mumbai
Dated : 28th April, 2010

Director

M. V. Doshi

Director

D. K. Waghela

Mumbai

Dated : 28th April, 2010

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31/3/2010

	As at 31/3/2010 Rupees	As at 31/3/2009 Rupees		As at 31/3/2010 Rupees	As at 31/3/2009 Rupees
SCHEDULE 1 - SHARE CAPITAL			SCHEDULE 2 - RESERVES & SURPLUS		
AUTHORISED CAPITAL			GENERAL RESERVES		
3,00,00,000 Equity Shares of Rs. 2/- each	60,000,000	60,000,000	Balance as per last Balance Sheet	-	17,000,000
12,50,000 Preference Shares of Rs. 100/- each	125,000,000	125,000,000	Less : Transfer to Profit & Loss Account	-	(17,000,000)
	<u>185,000,000</u>	<u>185,000,000</u>	Balance in Profit & Loss Account	<u>57,829,425</u>	<u>13,054,628</u>
ISSUED, SUBSCRIBED & PAID-UP :				<u>57,829,425</u>	<u>13,054,628</u>
2,62,41,000 Equity Shares of Rs. 2/- each	52,482,000	52,482,000	SCHEDULE 3 - SECURED LOAN		
(LKP Finance Ltd, (the Holding Company) holds 97.69% (Previous Year 97.69%) of the Paid up Equity Share Capital of the Company)			a) Bank Overdraft	165,128,540	45,314,485
11,00,000 9% Redeemable Preference Shares of Rs.100/- each	110,000,000	25,000,000	(Secured by pledge of Fixed Deposit Receipts (including that of holding company of Rs.15 Crore))		
(Previous Year 2,50,000 Redeemable Preference Shares of Rs. 100/- each)			b) Vehicle Loan	3,052,643	6,151,538
(All the above Redeemable Preference Shares are held by LKP Finance Ltd the Holding Company)			(Secured by hypothecation of Vehicle)		
	<u>162,482,000</u>	<u>77,482,000</u>		<u>168,181,183</u>	<u>51,466,023</u>
			SCHEDULE 4 - UNSECURED LOAN		
			Loan From Companies	5,600,000	5,600,000
				<u>5,600,000</u>	<u>5,600,000</u>

SCHEDULE 5 - FIXED ASSET

Particulars	Cost			Accumulated Depreciation			Net Book Value			
	As at April 1, 2009	Additions	Deletions	As at March 31, 2010	As at April 1, 2009	Depreciation for C.Y	Deletions	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
FURNITURE & FIXTURE	3,63,88,109	22,56,574	42,531	3,86,02,152	1,53,84,706	39,43,996	21,562	1,93,07,140	1,92,95,012	2,10,03,403
COMPUTERS	4,63,76,026	13,08,063	7,56,995	4,69,27,094	3,53,07,613	47,60,405	6,57,174	3,94,10,844	75,16,251	1,10,68,414
COMPUTER SOFTWARE	2,98,51,984	5,21,543		3,03,73,527	1,75,03,439	50,37,889		2,25,41,328	78,32,199	1,23,48,545
ELECTRICAL FITTING	12,18,204	1,72,540		13,90,744	3,93,996	1,23,752		5,17,747	8,72,996	8,24,208
LEASEHOLD IMPROVEMENT	43,96,978			43,96,978	5,15,827	7,02,488		12,18,315	31,78,662	38,81,150
VEHICALS	2,58,54,958		39,07,166	2,19,47,792	92,69,890	40,87,202	26,07,880	1,07,49,212	1,11,98,580	1,65,85,069
OFFICE EQUIPEMENT	5,77,15,388	27,43,976	6,94,209	5,97,65,155	1,89,02,155	56,35,880	2,47,513	2,42,90,521	3,54,74,633	3,88,13,233
Total	20,18,01,647	70,02,696	54,00,901	20,34,03,442	9,72,77,625	2,42,91,612	35,34,129	11,80,35,108	8,53,68,334	10,45,24,022

SCHEDULE 6 - INVESTMENTS
Long Term Investments
Quoted Shares (Fully Paid) At Cost

Name of Scrip	As at 31.3.2010		As at 31.3.2009			As at 31.3.2010		As at 31.3.2009	
	Number	Cost (Rs.)	Number	Cost (Rs.)		Number	Cost (Rs.)	Number	Cost (Rs.)
Liquid Benchmark units	1090.6644	1,090,710	6028.1353	6,028,181	Unquoted Shares (Fully Paid)				
D.S.Kulkarni Developers Ltd.	149	7,390	149	7,390	Gobind Sugar Ltd	11200	1,785,000	11200	1,785,000
Gold Crest Finance (I) Ltd.	10000	100,000	10000	100,000	Bombay Stock Exchange Ltd	11401	1,754,877	11401	1,754,877
Infra Industries Ltd.	149000	4,470,000	149000	4,470,000	(Includes bonus shares 10524 received during the year)				
Axis IT & T Ltd	500	40,500	500	40,500					
ONGC	72	36,000	72	36,000	Sub Total		<u>3,539,877</u>	Sub Total	<u>3,539,877</u>
Roopa Industries Ltd.	8900	89,000	8900	89,000	Total		<u>21,872,111</u>		<u>26,809,582</u>
TCI Finance Ltd	8300	249,000	8300	249,000	Market Value of Quoted Shares		10,404,779		9,752,692
Geodesic Information Systems Ltd	6792	1,199,920	6792	1,199,920					
Reliance Power Ltd	17440	6,481,117	17440	6,481,117					
Central Bank Of India	26205	3,568,597	26205	3,568,597					
LIC Mutual Fund	100000	1,000,000	100000	1,000,000					
		<u>18,332,234</u>		<u>23,269,705</u>					

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31/3/2010

	As at 31/3/2010 Rupees	As at 31/3/2009 Rupees		As at 31/3/2010 Rupees	As at 31/3/2009 Rupees
SCHEDULE 7 - STOCK IN TRADE			SCHEDULE 14 - ADMINISTRATIVE EXPENSES		
Bonds (cost or Mkt Value whichever is lower)	<u>11,284,881</u>	-	Commission	<u>112,330,219</u>	90,315,946
	<u>11,284,881</u>	-	Advertisement Exps	<u>3,832,549</u>	2,799,854
SCHEDULE 8 - SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)			Business Promotion and entertainment	<u>3,769,936</u>	4,601,761
More than six months	17,174,555	14,168,745	Books & Periodicals	<u>139,871</u>	194,603
Others	265,967,439	158,462,809	Computer Expense	<u>5,660,429</u>	7,877,910
Less: Provision for doubtful debts	<u>(5,434,392)</u>	<u>(5,434,392)</u>	Conveyance	<u>4,039,533</u>	4,486,686
	<u>277,707,602</u>	<u>167,197,162</u>	Demat & CDSL Expenses	<u>3,156,655</u>	4,362,238
SCHEDULE 9 - CASH & BANK BALANCES			Donation	<u>12,202</u>	66,501
Cash Balance	183,647	206,866	Electricity Expenses	<u>6,838,085</u>	7,607,908
Balance with Schedule Banks :			Company law expenses	<u>3,800</u>	704,500
In Current Account	94,081,382	53,002,525	General & Misc Chgs	<u>262,040</u>	290,670
In Fixed Deposit A/c	<u>107,929,163</u>	<u>49,891,021</u>	Loss on sale of assets	<u>501,271</u>	740,890
	<u>202,194,192</u>	<u>103,100,412</u>	Insurance	<u>1,810,059</u>	1,956,778
SCHEDULE 10 - LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)			Motor Car Expenses	<u>3,665,651</u>	4,314,489
Deposits	75,463,025	126,943,041	Office Expenses	<u>4,604,164</u>	7,856,094
Loans & Advances	5,831,268	7,093,000	Postage and Courier expenses	<u>7,848,895</u>	6,514,744
Staff Loan	1,511,691	1,290,151	Printing & Stationery	<u>9,630,122</u>	10,273,900
Advance Tax ,TDS & FBT	49,383,010	39,164,744	Profession Tax	<u>13,878</u>	7,050
Advances Recoverable in Cash or Kind	8,639,469	12,229,805	Professional and Legal Charges	<u>21,084,417</u>	15,053,393
Margin with Exchange / Clearing Member	64,103,276	234,394,532	Rent , Rates & Taxes	<u>34,104,316</u>	29,585,674
Prepaid Expenses	5,693,630	5,914,964	Service tax , stamp duty and transaction charges paid	<u>5,481,651</u>	16,512,672
	<u>210,625,369</u>	<u>427,030,236</u>	Audit Fees	<u>257,700</u>	220,000
SCHEDULE 11 - LIABILITIES			Repairs & Maintenance	<u>9,816,113</u>	12,553,887
a CURRENT LIABILITIES			Franking charges	<u>1,349,913</u>	3,187,431
Sundry Creditors & Other Dues	363,368,982	441,573,714	Vsat Charges	<u>1,827,120</u>	941,412
Margin & Deposits	7,465,497	145,828,304	SEBI Fees	<u>1,496,455</u>	961,959
Outstanding expenses	26,394,301	16,220,428	Stock Exchange Expenses	<u>1,876,011</u>	3,610,830
	<u>397,228,780</u>	<u>603,622,446</u>	Seminars and conference	<u>3,489,457</u>	8,773,048
b PROVISIONS			Subscription & Membership Fees	<u>1,797,741</u>	3,245,055
Provision for Taxation / FBT	23,847,688	19,723,532	Telephone and Mobile expenses	<u>13,304,882</u>	12,861,618
Provision for Gratuity	5,468,746	3,983,435	Travelling (Domestic and Foreign)	<u>2,578,779</u>	3,774,285
	<u>29,316,434</u>	<u>23,706,967</u>	Operational loss	<u>2,291,413</u>	1,506,174
	<u>426,545,214</u>	<u>627,329,413</u>	Bad Debts	-	654,592
SCHEDULE 12 - OTHER INCOME			Sundry balances written off	<u>355,991</u>	306,953
Dividend	113,002	388,912		<u>269,231,316</u>	<u>268,721,503</u>
Interest	8,817,938	10,350,432	SCHEDULE 15 - INTEREST & FINANCE CHARGES		
Profit on sale of shares	39,000	27,656,285	Bank Charges	<u>5,159,703</u>	2,546,853
Insurance Claim Received	-	2,140,902	Interest	<u>15,780,172</u>	16,007,667
Other Income	377,440	147,535		<u>20,939,875</u>	<u>18,554,521</u>
	<u>9,347,380</u>	<u>40,684,067</u>	SCHEDULE 13 - ESTABLISHMENT CHARGES		
Salary and Allowances	102,111,666	101,835,264	Salary and Allowances	102,111,666	101,835,264
Director's Remuneration	2,454,260	2,656,400	Director's Remuneration	2,454,260	2,656,400
Bonus and Incentives	34,612,769	8,590,919	Bonus and Incentives	34,612,769	8,590,919
Contribution to Provident Fund	3,424,776	3,995,621	Contribution to Provident Fund	3,424,776	3,995,621
Contribution to ESIC	537,056	636,684	Contribution to ESIC	537,056	636,684
Staff Welfare	2,548,535	3,481,161	Staff Welfare	2,548,535	3,481,161
Medical	1,814,867	2,090,130	Medical	1,814,867	2,090,130
Gratuity	1,735,311	3,119,230	Gratuity	1,735,311	3,119,230
	<u>149,239,239</u>	<u>126,405,410</u>			

**Schedule 16 - 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 partly 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", 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 2010 is Rs. 2135 lacs (Previous year - Rs 1735 lacs)
- b) Claims Not Acknowledged as Debts Rs. 28.46 Lakh (Previous Year - Rs. 17 lakhs)

2) SHARE CAPITAL:
Paid Up Capital

During the year the Company has issued 8,50,000 Preference Shares of Rs. 100/ each to the Holding Company M/s LKP Finance Limited

3) Gratuity

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 balance of the present value of the obligation

Rs. In lacs

a) Present Value of obligation at the beginning of the year	71.76
b) Current Service Cost	9.91
c) Interest Cost	5.74
d) Benefits Paid	(5.34)
e) Actuarial (Gain)/Loss	(15.20)
f) Present Value of the obligation at the end of the year	66.87

- 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	14.46
b) Expected return of plan Assets	1.14
c) Contributions	1.92
d) Benefits Paid	(5.34)
e) Actuarial (Gain)/Loss on plan assets	-
f) Fair Value of the Plan Assets at the end of the year	12.18

- 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	66.87
b) Fair Value of Plan Assets at the beginning of the year	12.18
c) Excess of Fair Value of Plan Asset over Present Value of Obligation	(54.70)

Rs. In lacs

- IV) Expenses Charged to Profit & Loss Account

17.35

4) Provision for Taxation :

Provision for Minimum Alternate Tax has been made in view of set off of Current year's income against Brought Forward Losses as per Income Tax Act, 1961.

The said provision for MAT is also recognised as an asset and is reflected under Loans and Advances. Assessments have been completed upto A.Y. 2007-2008. Appeal has been filed with Tribunal for A.Y. 2004-05 & A.Y. 2006 - 2007, which is pending the demand for the same is Rs. 28.45 Lakh. However no provision for the said is made in view of the appeal filed.

5) Deferred Tax (Asset) / Liability - Net as at 31st March, 2010

a) The Company has made adequate provision for Income Tax based on the current years taxable income.

b) Deferred Tax Asset / (Liability)

		As at 31.03.2010 Rs. In lacs
On account of:		
Written Down Value Differential	(725,715)	
Brought Forward Losses	10,621,207	
Disallowed Gratuity	<u>1,689,843</u>	
		<u>11,585,334</u>

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

6) Remuneration to Wholtime Directors

<u>Particulars</u>	<u>2009-10</u> Rs.	<u>2008-09</u> Rs.
1 Salary	2,490,500	2,656,400
2 Contribution to Provident Fund	18,720	18,720
3 Incentive to directors	385,966	216,524
4 Sitting Fees	<u>7,000</u>	<u>21,500</u>
	<u>2,902,186</u>	<u>2,913,144</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.

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 :

<u>Particulars</u>	<u>2009-10</u> Rs.	<u>2008-09</u> Rs.
Foreign Travel	1,479,396	592,172
Professional Fees	968,482	1,183,130
Others	1,161,458	2,271,755

9) Remuneration to Auditors :

<u>Particulars</u>	<u>2009-10</u> Rs.	<u>2008-09</u> Rs.
Audit fees	200,000	200,000
Tax audit fees	20,000	20,000
Service tax	20,600	27,579
Other fees (including certification fees for earlier years)	<u>6,200</u>	<u>39,800</u>
	<u>246,800</u>	<u>287,379</u>

10) Earnings per share:

	<u>2009-10</u>	<u>2008-09</u>
Net Profit after Taxation	44,774,796	(67,010,078)
No. of Equity shares (post Split)	26,241,000	26,241,000
Basic & Diluted earning per share	1.71	(2.55)

11) As per the Accounting Standards 18, issued by the Institute of Chartered Accountants of India, disclosures of transaction with the related parties as defined in the Accounting Standards are given below:

i) List of Related Parties alongwith the nature of related party relationships.

Name of the Related Party	Relationship
LKP Finance Limited	Holding Company
Sea Glimpse Investments Pvt Ltd	Associate Company
Bhavna Holdings Limited	Associate Company
M/s L.K.Panday	Associate Company
Mr M.V. Doshi	Key Management Personnel
Mr Hitesh P Doshi	Key Management Personnel
Mr Dinesh Waghela	Key Management Personnel
Mr Pratik Doshi	Relative

ii) Transactions with Related Parties

Particulars	Associate Company	Key Management Personnel	Relative	Total (Rs. In Lakhs)
Rent Expense	120,000	-		120,000
Directors Remuneration		2,902,186		2,902,186
Salary			1,616,000	1,616,000

12) As per the information available with the Company as at 31st March 2010, 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.

13) There are no dues to Small Scale Industries and Investor Education and Protection Fund as at 31st March 2010 (Previous Year: Nil)

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	As at 31.3.2010 Rs. In lacs	As at 31.3.2009 Rs. In lacs
A. Cash flow from Operating activities :		
Net Profit / (Loss) before tax and Extraordinary items and Interest	513.40	(454.56)
Adjustments for :		
Depreciation	242.92	298.74
Loss on sale of assets	5.01	7.41
Interest / Dividend Received / Misc	(89.31)	(107.39)
Profit on sale of shares	(0.39)	(276.56)
Operating Profit before Working capital changes	671.63	(532.36)
Adjustments for :		
Inventories	(112.85)	
Trade and other receivables	1,161.13	1,556.40
Trade payables	(2,049.08)	(1,000.81)
Cash generated from operations	(329.17)	(1,408.53)
Interest & Bank Charges paid	(209.40)	(185.55)
Direct taxes paid	(70.34)	(279.74)
Cash flow before extraordinary items	(608.92)	(1,643.72)
Net cash from operating activities	(608.92)	(1,643.72)
B. Cash flow from Investing Activities		
Purchase of fixed assets	(70.03)	(304.66)
Sale of fixed assets	13.66	11.88
Purchase of investments	-	(3.89)
Profit On sale of Shares	0.39	276.56
Sale of investments	49.37	0.50
Interest received	88.18	103.50
Dividend received	1.13	3.89
Net cash from investing activities	82.70	87.78
C. Cash flow from financing activities		
Proceeds from issue of share capital , including	350.00	509.82
Increase in Secured Loans	1,167.15	460.61
(Decrease) / Increase in Unsecured Loans	-	1,517.15
Net cash used in financing activities	1,517.15	330.81
Net increase / (decrease) in cash and cash equivalents	990.94	(1,225.13)
Cash and cash equivalents (opening)	1,031.00	2,256.14
Cash and cash equivalents (closing)	2,021.94	1,031.00

As per our Report attached.
for Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No.102860W
A.D.SHENOY
Partner

Mumbai
Dated : 28th April, 2010

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

1 Registration Details	
Registration No.	U67120MH1994PLC080039
State Code	11
Balance Sheet date	31/03/2010
2 Capital Raised During the Year	Rs. In lacs
Public Issue	NIL
Rights Issue	NIL
Preferential Issue u/s 81(1A)	350.00
Bonus Issue	NIL
Private Placement	NIL
3 Positions of Mobilisation and Deployment of Funds	
Total Liabilities	3,940.93
Total Assets	3,940.93
Sources of Funds	
Paid-up Capital	1,624.82
Reserves & Surplus	578.29
Secured Loans	1,681.81
Unsecured Loans	56.00
Application of Funds	
Net Fixed Assets	853.68
Investments	218.72
Net Current Assets	2,752.67
Deferred Tax Asset	115.85
Accumulated Losses	NIL
4 Performance of Company	
Turnover	4,941.02
Total Expenditure	4,637.02
Profit Before Tax	304.00
Profit After Tax	447.75
Dividend Rate %	-
Earning per Share in Rs.	1.71
5 Products of the Company	Share Broking
Item code No.:	N.A.

Notes: The above particulars should be read alongwith the Balance Sheet as at 31st March, 2010 the Profit & Loss Account for the year ended on that date and the schedules forming part thereof.

Director M.V.DOSHI

Director D.K.WAGHELA

Mumbai

Dated : 28th April, 2010

Gayatri Cement & Chemical Industries Private Limited

DIRECTORS' REPORT

The Directors hereby present their Twenty-eighth Annual Report along with the Audited Accounts for the year ended 31st March 2010.

Financial Results :

The company has made a loss of Rs. 27,27,968/- for the year under review compared to the loss of Rs. 6,29,586/- for the previous accounting year ended 31.3.2009. After adjusting the carried forward loss there is still carried forward losses of Rs 1,58,83,857/-.

The Company became wholly owned subsidiary of LKP Finance Limited with effect from March 31, 2010.

Dividend :

In view of loss during the year under review, your Board of Directors do not recommend any Dividend.

Directors' Responsibility Statement:

As required under Section 217 of the Companies Act, 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 loss 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.

Auditors:

You are requested to appoint M/s. Ford, Rhodes, Parks & Co., Chartered Accountant as Auditors. They have given their consent to act as the Auditors of your company.

Statutory Information :

The company did not have any employees falling within the scope of Sub-Section (2A) of Section 217 of the Companies Act, 1956.

The Board has obtained a Compliance Certificate from Company Secretary in Practice pertaining to the financial year ended 31st March, 2010 in pursuant to the requirements of Section 383A(1) of The Companies Act, 1956 read with The Companies (Compliance Certificate) Rules, 2001.

The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 require the disclosure of particulars regarding conservation of energy in Form A and Technology Absorption in Form B prescribed by the Rules. As no manufacturing activities were carried out during the year under report, it is advised that Forms A & B are not applicable. As regards foreign exchange, there were no earnings or outgo.

For and on behalf of the Board

Mumbai,
Date: 28th April, 2010.

B M Baldawala J.A.Shah
Director **Director**

AUDITORS' REPORT TO THE MEMBERS OF GAYATRI CEMENT & CHEMICAL INDUSTRIES PRIVATE LIMITED

We have audited the attached Balance Sheet of Gayatri Cement & Chemical Industries Private Limited as at 31st March, 2010 and also the Profit and Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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. The company is a private limited company which fulfills all the conditions specified in paragraph 2(iv) of the Companies Auditor's Report Order 2003 (as amended) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 and as such the requirements of the said Order is not applicable.
2. Further to our comments in the Annexure referred to in para 1 above,
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors of the Company as on 31st March, 2010 and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account 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 in conformity with the accounting principles generally accepted in India.
 - (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
 - (ii) in so far as it relates to Profit & Loss Account, of the loss of the Company for the year ended on that date.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No. 102860W

Mumbai,
Date: 28th April, 2010

A.D.Shenoy
Partner
Membership No.11549

Gayatri Cement & Chemical Industries Private Limited

BALANCE SHEET AS AT 31ST MARCH, 2010.

				As at 31.3.2009
I. SOURCES OF FUNDS :	Schedule	Rupees	Rupees	Rupees
1 Shareholders Funds				
a) Share Capital	1	2,100,000		2,100,000
b) Reserves & Surplus	2	<u>304,817</u>		<u>304,817</u>
			2,404,817	2,404,817
2 Loan Funds :				
Unsecured Loans	3	-		11,249,300
Total :			<u>2,404,817</u>	<u>13,654,117</u>
II. APPLICATION OF FUNDS :				
1 Fixed Assets	4			
a. Gross Block		5,870,011		5,870,011
b. Less : Depreciation		<u>4,492,147</u>		<u>4,338,582</u>
c. Net Block			1,377,864	1,531,429
2 Investments	5		621,899	679,448
3 Current Assets, Loans & Advances				
a) Sundry Debtors		--		--
b) Cash & Bank Balances	6	3,035		243,188
c) Loans & Advances	7	<u>240,771</u>		<u>2,671,319</u>
		243,806		2,914,508
Less : Current Liabilities & Provisions	8	15,722,610		4,578,156
Net Current Assets			(15,478,804)	(1,663,649)
4 Miscellaneous Expenditure	9			
Profit & Loss Account-Debit Balance			15,883,857	13,106,889
Total :			<u>2,404,817</u>	<u>13,654,117</u>
Notes to the Accounts & Accounting Policies	11			
Balance Sheet Abstract And Company's				
General Business Profile	12			
Schedules 1 to 12 annexed hereto form part of the Balance Sheet and Profit & Loss account.				

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

INCOME :	Schedule	Rupees	Rupees	Previous Year Rupees
Income from Share Investments.		<u>7,650</u>	<u>7,650</u>	5,550
				5,550
EXPENDITURE :				
Administrative & Other Expenses	10	421,530		538,873
Loss on F&O		2,209,525		--
Depreciation		<u>153,564</u>		<u>96,263</u>
		2,784,618		635,136
Profit/(Loss) before Taxation		(2,776,968)		(629,586)
Provision for Taxation		--		--
Tax Relating to Earlier Years (Net)		--		66,422
Provision for Diminution in value of investments		--		<u>(367,095)</u>
Profit/(Loss) for the year		(2,776,968)		(1,063,103)
Loss Brought Forward from Last year		(13,106,889)		(12,043,786)
Balance Carried to Balance Sheet		(15,883,857)		(13,106,889)
Notes to the Accounts & Accounting Policies	11			
Balance Sheet Abstract And Company's				
General Business Profile	12			
Schedules 1 to 12 annexed hereto form part of the Balance Sheet and Profit & Loss account.				

As per Our Report attached

For Ford,Rhodes,Parks & Co.

Chartered Accountants
Firm Registration No. 102860W

A.D.Shenoy
Partner
Membership No :11549
Mumbai
Date : 28th April, 2010

Director B M Baldawala

Director J.A.Shah

Mumbai
Date : 28th April, 2010

Gayatri Cement & Chemical Industries Private Limited

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH,2010.

	Rupees	As at 31.3.2009 Rupees
SCHEDULE 1 - SHARE CAPITAL		
Authorised, Issued, Subscribed & Paid up :		
21,000 equity shares of Rs.100/- each	2,100,000	2,100,000

SCHEDULE 2 - RESERVES & SURPLUS		
Subsidy from Jilla Udyog Kendra, Balance as per last Balance Sheet	304,817	304,817

SCHEDULE 3 - UNSECURED LOANS		
From Body Corporate :	-	11,249,300

SCHEDULE 4 - FIXED ASSETS

Sr. No.	Description of Assets	Original cost as on 1.4.2009	Purchase during the year	Total cost as on 31.3.2010	Total Depr. as on 31.3.2009	Depreciation during the year	Total Depr. as on 31.3.2010	Net value as on 31.3.2010	Net value as on 31.3.2009
1	Embassy Center Building, Mumbai. 1st floor	5,770,056		5,770,056	4,247,040	152,302	4,399,342	1,370,714	1,523,016
2	Furniture Embassy Bldg. Mumbai.	99,955	-	99,955	91,543	1,262	92,805	7,150	8,412
Total :		5,870,011	-	5,870,011	4,338,583	153,564	4,492,147	1,377,864	1,531,428

Notes:

(1) Cost of office premises includes cost of shares of Rs.250/- in Embassy Centre Premises Co-operative Society Ltd.

(2) Registration & Stamp duty charges paid.

SCHEDULE 5 - INVESTMENTS

			As at 31/3/2010 Cost Rupees		As at 31/3/2009 Cost Rupees
	No. of shares	Face Value Rupees		No of Shares	Face Value Rupees
Quoted					
Everlon Synthetics Ltd	14000	10	140,000	14000	140,000
Indus Network Ltd	2300	10	59,320	2300	59,320
IDBI Ltd	1500	10	244,005	1500	244,005
Idea Cellular Ltd	1500	10	200,475	1500	200,475
Sanghi Polyester Ltd	10000	10	124,484	10000	124,484
Power Grid Corporation Ltd	1500	10	214,050	1500	214,050
Ispat Industries Ltd	8000	10	567,318	8000	567,318
IFCI Ltd			0	1000	57,549
			1,549,652		1,607,201
Unquoted					
MKM Shares & Stock Brokers Ltd	2000	10	6,200	2000	6,200
Seaglimpse Investments Pvt Ltd	4900	10	49,000	4900	49,000
Dean Finance & Investments Pvt Ltd	4900	10	49,000	4900	49,000
Peak Plastonics Pvt Ltd	4900	10	49,000	4900	49,000
			153,200		153,200
		Total	1,702,852		1,760,401
Provision for diminution in value of investments			1,080,953		1,080,953
			621,899		679,448
Aggregate of quoted investments	-At Cost		1,549,652		1,607,201
	-Market Value		803,138		526,248
Aggregate of Unquoted investments	-At Cost		153,200		153,200

Gayatri Cement & Chemical Industries Private Limited

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH,2010.

SCHEDULE 6 - CASH & BANK BALANCES

Balance with scheduled banks in		As at 31/3/2009
Current account	3,035	243,188
	<u>3,035</u>	<u>243,188</u>

SCHEDULE 7 - LOANS & ADVANCES

Advances recoverable in cash or in Kind or for value to be received	240,771	2,671,319
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SCHEDULE 8 - LIABILITIES & PROVISIONS

Others	4,443,309	4,578,156
Due to Holding Company	11,279,300	-
	<u>15,722,610</u>	<u>4,578,156</u>

SCHEDULE 9 - PROFIT & LOSS ACCOUNT-DEBIT BALANCE.

Balance as per last Balance Sheet	23,018,455	21,955,352
(Add)/Less: Profit/(Loss) for the year	(2,776,968)	(1,063,103)
	<u>25,795,423</u>	<u>23,018,455</u>

SCHEDULE 10 - ADMINISTRATIVE & OTHER EXPENSES

Legal & Professional	6,000	22,495
Filing Fees	900	1,500
Auditor's Remuneration.	16,545	16,545
Bank Charges	187	469
Demat Charges	588	600
General & Miscellaneous Expenses	-	2,520
Interest Expenses	396,001	369,698
Profit / Loss on sale of shares	1,309	125,046
	<u>421,530</u>	<u>538,873</u>

SCHEDULE 11 - ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

Accounting policies:

- Accounting Methodology: The accounts have been prepared on historical cost convention. The company follows the accrual basis 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
- The Company has not provided the depreciation on assets as per rates given in schedule XIV of the Companies Act, 1956 It has provided the same as per the provision of Income Tax Act, 1961 on WDV basis.
- Investments are capitalised and accounted at the cost plus brokerage and stamp charges. Profits or losses on investments are accounted as and when realised.
- All Fixed Assets are capitalised at cost inclusive of legal and/or installation and incidental expenses, less accumulated depreciation.

Notes to the accounts:

- The Company has no manufacturing activity since 1992-93 and hence additional information regarding licenced capacity, installed capacity, actual production and quantitative details of production, sales and closing stock in respect of previous year is not given.
- There are no employees employed in the company and hence the details regarding the emoluments is not applicable.
- The company has filed appeal against certain disallowables by the Income Tax Authorities. The company has during the year followed the Accounting Standard 22 of the Institute of Chartered Accountants of India in providing taxes on the income of the company. Deferred Tax Assets has not been considered in the accounts in view of uncertainties of future activities of the company.
- No provision for taxation is considered in view of loss for the year. There is no certainty of the company earning profits which will offset the losses in future years.
- Earnings per share:

Earnings per shares are calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The number used in calculating basic and diluted earnings per equity shareholders are as stated below:

	As at 31.3.2010	As at 31.3.2009
Profit/(Loss) after Taxation	(2,776,968)	(1,063,103)
Weighted Average number of shares	21,000	21,000
Earnings Per share:	(0.01)	(0.02)

- Provision for Diminution in value of investments: The Company has provided for the diminution in the value of quoted investments.
- Figures of the previous year have been re-grouped so as to make them comparable with the figures for this year.

SCHEDULE 12 - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details		
Registration No		115063
State Code		11
Balance Sheet Date		31.3.2010
II Capital Raised During The Year		(Rs in '000)
Public Issue		NIL
Rights Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
III Position Of Mobilisation And Deployment Of Funds		
Total Liabilities		18,127
Total Assets		18,127
Sources Of Funds:		
Paid-up Capital		2,100
Reserves And Surplus		305
Secured Loans		--
Unsecured Loans		--
Application Of Funds:		
Net Fixed Assets		1,378
Investments		622
Net Current Assets		(15,479)
Miscellaneous Expenditure		15,884
IV Performance Of Company		
Turnover		8
Total Expenditure		2,785
Profit/(loss) Before Tax		2,785
Profit/(loss) After Tax		(2,777)
Earnings Per Share(In Rs)		NIL
Dividend Rate %		NIL
V Generic Names Of Three Products/Service Of Company		
Item Code No		Product Description
N.A		N.A

As per Our Report attached

For Ford, Rhodes, Parks & Co.

Chartered Accountants Director B M Baldawala
Firm Registration No. 102860W

Director J.A. Shah

A.D. Shenoy

Partner

Membership No : 11549

Mumbai

Date : 28th April, 2010

Mumbai

Date : 28th April, 2010



AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF LKP FINANCE LTD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LKP FINANCE LTD, AND ITS SUBSIDIARIES.

1. We have audited the attached Consolidated Balance Sheet of LKP Finance Ltd (formerly known as LKP Merchant Financing Ltd. ("the company")) and its subsidiaries as at 31st March 2010, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statements 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. Those 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 3,940.93 lacs as at 31st March, 2010 and total revenues of Rs 4,941.03 lacs for the year ended on that date. The financial statements of the subsidiary Gayatri Cement & Chemical Industries Pvt Ltd have been audited by us whose financials reflect total assets of Rs 24.05 lacs as at 31st March, 2010 and total revenues of Rs 0.07 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 subsidiaries included in the consolidated financial statements.
5. 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 subsidiaries as at 31st March 2010.
 - (b) In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
 - (c) In the case of the consolidated Cash Flow Statement, of the consolidated Cash Flows of the Company and its subsidiaries for the year then ended.

For FORD, RHODES, PARKS AND CO
Chartered Accountants
Firm Registration No.102860W

A .D.Shenoy
Partner.

Membership No 11549

Place : Mumbai
Date : 28th April, 2010



CONSOLIDATED BALANCE SHEET OF LKP FINANCE LIMITED AND ITS SUBSIDIARY COMPANIES AS AT 31ST MARCH, 2010

As at 31.3.2009

	Schedule	Rs in Lacs	Rs in Lacs	Rs in Lacs
I SOURCES OF FUNDS :				
1. Shareholders Funds				
a. Share Capital	1	1,307.75		1,271.13
b. Partly Paid Convertible Warrants		-		194.00
c. Reserves and Surplus	2	<u>12,975.62</u>		<u>11,086.87</u>
			14,283.37	12,552.00
2 Loan Funds				
a. Secured Loans	3	3,414.72		5,838.30
b. Unsecured Loans	4	<u>56.00</u>		<u>56.00</u>
			3,470.72	5,894.30
TOTAL			<u>17,754.09</u>	<u>18,446.30</u>
II APPLICATION OF FUNDS :				
1. Fixed Assets				
a. Gross Block	5	2,646.27		7,865.14
b. Less : Depreciation		<u>1,667.15</u>		<u>6,663.94</u>
c. Net Block			979.12	1,201.20
d. Goodwill on consolidation			670.77	526.72
2. Deferred Tax Asset (Net)			588.82	263.75
3. Investments	6		5,261.61	5,255.31
4. Current Assets, Loans & Advances				
a. Stock on hand	7	1,300.14		1,099.62
b. Sundry Debtors	8	2,786.98		1,699.46
c. Cash & Bank Balances	9	5,791.03		8,757.62
d. Loans & Advances	10	<u>8,910.86</u>		<u>10,650.89</u>
			18,789.01	22,207.59
Less : Current Liabilities and Provisions				
a. Liabilities	11	4,864.09		7,773.22
b. Provisions	12	<u>3,671.15</u>		<u>3,235.05</u>
			8,535.24	11,008.27
Net Current Assets			10,253.77	11,199.32
TOTAL			<u>17,754.09</u>	<u>18,446.30</u>

NOTES TO THE ACCOUNTS, ACCOUNTING POLICIES & CASH FLOW STATEMENT 16

As per our Report attached For FORD, RHODES, PARKS & CO. Chartered Accountants Firm Registration No.102860W

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

A.D. Shenoy
Partner
Membership No 11549
Mumbai
Dated : 28th April,2010.

Mumbai
Dated : 28th April,2010

CONSOLIDATED PROFIT & LOSS ACCOUNT OF LKP FINANCE LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE PERIOD ENDED 31ST MARCH, 2010.

Previous Year

	Schedule	Rs in Lacs	Rs in Lacs	Rs in Lacs
INCOME :				
Income from Operations			3,166.22	10,496.60
Income from Broking Activities			4,847.55	3,410.54
Other Income	13		<u>529.25</u>	<u>94.91</u>
			8,543.02	14,002.05
EXPENDITURE :				
Establishment Charges	14	1,784.06		1,519.03
Administrative and other expenses	15	<u>3,296.05</u>		<u>3,020.13</u>
			5,080.11	4,539.16
Interest and Finance charges.		836.54		519.75
Depreciation.		<u>250.44</u>		<u>315.69</u>
			1,086.98	835.44
AMORTISATION OF TRADE MARK				
TRANSFER FROM TRADE MARK RESERVE			-	(20.00)
Operating Profit / (Loss)			2,375.93	8,627.45
PROFIT BEFORE TAXATION			2,375.93	8,627.45
PROVISION FOR DEFERRED TAX NET			315.68	301.04
PROVISION FOR TAXATION			(350.00)	(1,025.00)
PROVISION FOR FRINGE BENEFIT TAX			-	(32.36)
			2,341.61	7,871.13
PROFIT AFTER TAXATION			2,341.61	7,871.13
EXCESS DIVIDEND AND TAX ADDED BACK			16.94	-
PROFIT BROUGHT FORWARD FROM LAST YEAR			3,133.46	1,273.29
AMOUNT AVAILABLE FOR APPROPRIATION			<u>5,492.01</u>	<u>9,144.42</u>
APPROPRIATIONS:				
TRANSFERRED TO GENERAL RESERVE			200.00	4,830.00
CAPITAL REDEMPTION RESERVE ACCOUNT			36.13	8.87
SPECIAL RESERVE FUND			2,092.57	-
PROPOSED DIVIDEND			915.42	889.79
TAX ON PROPOSED DIVIDEND			155.58	151.22
PROFIT CARRIED TO BALANCE SHEET			<u>2,092.31</u>	<u>3,264.54</u>

NOTES TO THE ACCOUNTS, ACCOUNTING POLICIES & CASH FLOW STATEMENT 16

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 Firm Registration No.102860W

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

A.D. Shenoy
Partner
Membership No 11549
Mumbai
Dated : 28th April,2010.

Mumbai
Dated : 28th April,2010



SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH, 2010.

	As at 31.3.2009	As at 31.3.2009
Rs in Lacs	Rs in Lacs	Rs in Lacs
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
(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>
Issued,Subscribed & Paid up :		
127,11,263 Equity Shares of Rs.10/- each	1,271.13	1,280.00
Add : 7,27,489 Equity Shares issued	72.75	-
Less : 3,61,263 Shares extinguished under Buy back	36.13	8.87
(Previous Year 88,737)	1,307.75	1,271.13
TOTAL	<u>1,307.75</u>	<u>1,271.13</u>
Capital Redemption Reserve Account		
Balance as per last Balance Sheet.	8.87	8.87
Add : Transferred from Profit & Loss account.	36.13	45.00
Special Reserve Fund		
Transferred from Profit & Loss account.		2,092.57
General Reserve		
Balance as per last Balance Sheet.	5,800.99	767.94
Add : Transferred from Profit & Loss account.	-	4,830.00
	5,800.99	5,597.94
Balance in Profit & Loss Account	2,092.31	3,264.54
TOTAL	<u>12,975.62</u>	<u>11,086.87</u>

SCHEDULE 2- RESERVES & SURPLUS

Capital Reserve		
Share warrants monies forfeited during the year.	194.00	-
Share Premium Account		
Balance as per last Balance Sheet.	2,215.52	2,215.52
Add : Premium amount on 7,27,489 Equity Shares	800.24	
Less : Premium paid on 3,61,263 Shares under buy back scheme.	265.01	2,750.75

SCHEDULE 3 - SECURED LOANS

Term Loans from Financial Institutions	1,200.00	1,200.00
Loan from Corporate against pledge of shares	530.19	-
Vehicle Loan A/c	33.24	66.30
Working Capital Loans From Banks	1,651.29	4,572.00
TOTAL	<u>3,414.72</u>	<u>5,838.30</u>

SCHEDULE 4 - UNSECURED LOANS

Inter Corporate Deposit	56.00	56.00
TOTAL	<u>56.00</u>	<u>56.00</u>

SCHEDULE 5 - FIXED ASSETS

(Rs in lacs)

Description of Assets	Gross Block (At Cost)				Depreciation				Net Block	
	As at 1st April 2009	ADDITIONS	DEDUCTIONS	As at 31st March, 2010	As at 31st March, 2009	For the Year	Deductions for the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
I. OWN ASSETS										
Office Premises	138.49	57.70	68.01	128.18	108.67	1.53	29.47	80.73	47.45	72.29
Premises	106.21			106.21	43.96	2.79	-	46.75	59.46	62.25
Furniture & Fixtures	507.32	23.57	0.43	530.46	296.92	39.88	0.22	336.58	193.88	211.32
Air Conditioners	24.97		-	24.97	23.92	0.14	-	24.06	0.91	1.05
Office Equipment's	1,552.07	47.66	14.51	1,585.22	909.56	157.20	9.05	1,057.71	527.51	642.51
Vehicles	266.32		39.07	227.25	93.35	41.87	26.08	109.14	118.11	172.97
Leasehold Improvements	43.98			43.98	5.16	7.02	0	12.18	31.80	38.82
Total	2,639.36	128.93	122.02	2,646.27	1,481.54	250.43	64.82	1,667.15	979.12	1,201.21
PREVIOUS YEAR	4,711.07	312.45	289.16	4,734.36	3,280.89	335.69	83.43	3,533.15	1,201.21	



SCHEDULES TO THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH, 2010.

SCHEDULE 6 - INVESTMENTS (at Cost)

Quoted Equity Shares Fully Paid (at Cost), NAME OF THE COMPANY	Quantity	Face Value	Cost Rs in Lacs	Quantity	As at 31.3.2009	
					Face Value	Cost Rs in Lacs
Garware Polyester Ltd.		-		100	10	0.07
I C I C I Bank Ltd.		-		10	10	0.02
Tata Motors Ltd	8	10	0.03	8	10	0.03
Maharashtra Polybutane Ltd	30,000	10	6.66	35,067	10	7.02
JSW Steel Ltd	47	10	0.01	47	10	0.01
Liquid Benchmark Units	1,090,6644	1000	10.91	6,028	1000	60.28
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	10	1.00
Infra Industries Ltd	149,000	10	44.70	149,000	10	44.70
Axis IT & T Ltd	500	10	0.41	500	10	0.41
ONGC Ltd	72	10	0.36	72	10	0.36
Rupa Industries Ltd	8,900	10	0.89	8,900	10	0.89
TCI Finance Ltd	8,300	10	2.49	8,300	10	2.49
Geodesic Information Systems Ltd	4,528	10	12.00	4,528	10	12.00
Reliance Power Ltd	17,440	10	64.81	17,440	10	64.81
Central Bank of India Ltd	51,205	10	43.67	51,205	10	43.67
Thomas Cook (India) Ltd Equity Shares	11,282,110	1	3,650.41	14,282,010	1	4,700.35
NHPC Ltd	131,910	10	47.49			-
Reliance Industries Ltd (includes 36,000 bonus shares)	52,000	10	174.02			-
Everlon Synthetics Ltd	14,000	10	1.40			-
Indus Network Ltd	2,300	10	0.59			-
IDBI Ltd	1,500	10	2.44			-
Idea Cellular Ltd	1,500	10	2.01			-
Sanghi Polyester Ltd	10,000	10	1.24			-
Power Grid Corporation Ltd	1,500	10	2.14			-
Ispat Industries Ltd	8,000	10	5.67			-
8.95% IDBI Upper Tier I I 2024 bonds	4	1000000	42.19			-
SUB-TOTAL			<u>4,118.25</u>			<u>4,938.82</u>
UNQUOTED & FULLY PAID UP:						
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
(Class B & C Preference Shares are Convertible into Equity Shares within a period of seven years on Thomas Cook (India) Limited achieving certain levels of EPS)						
The Saraswat Co-op Bank Ltd. (Equity Shares)	1,005	10	0.10	1,005	10	0.10
The Hindustan Times Ltd. (Equity Shares)	350	10	12.57	350	10	12.57
Doshi Holding Pvt Ltd. (Equity Shares)	7,600	10	0.76	7,600	10	0.76
Hemavathy Power & Light Pvt Ltd. (Equity Shares)	20,000,000	5	1,000.00			-
Gobind Sugar Ltd. (Equity Shares)	11,200	10	17.85	9,600	10	17.85
Bombay Stock Exchange Ltd. (Equity Shares)	11,401		17.55	877	0	17.55
MKM Shares & Stock Brokers Ltd. (Equity Shares)	2,000	10	0.06			0.00
Seaglimpse Investments Pvt Ltd. (Equity Shares)	4,900	10	0.49			0.00
Dean Finance & Investments Pvt Ltd. (Equity Shares)	4,900	10	0.49			-
Peak Plastonics Pvt Ltd. (Equity Shares)	4,900	10	0.49			-
SUB-TOTAL			<u>1,144.02</u>			<u>142.49</u>
INVESTMENT IN MUTUAL FUNDS:						
Bench Mark Mutual Fund	147,342	1000	0.15			-
JP Morgan Alpha Fund			-			100.00
Shriram Interval Fund 97			-	5,000		0.50
LIC Mutual Fund	100,000		10.00	100,000		10.00
SUB-TOTAL			<u>10.15</u>			<u>110.50</u>
TOTAL			<u>5,272.42</u>			<u>5,191.80</u>
Provision for diminution in value of investments			<u>10.80</u>			<u>0.00</u>
			<u>5,261.62</u>			<u>5,191.80</u>
i. Aggregate of quoted investments - At Cost			<u>4,128.40</u>			<u>4,938.82</u>
- Market Value			<u>7742.76</u>			<u>4,920.93</u>
ii. Aggregate of unquoted investments - At Cost.			<u>1,144.02</u>			<u>252.99</u>

SCHEDULE 7 - STOCK ON HAND

	Rs in Lacs	Rs in Lacs
a. In Shares		
- Valued at cost or market value whichever is lower	1,187.31	1099.62
a. In Bonds		
- Valued at cost or market value whichever is lower	112.85	-
TOTAL	<u>1,300.16</u>	<u>1,099.62</u>

SCHEDULE 8 - SUNDRY DEBTORS

	Rs in Lacs	Rs in Lacs
(Unsecured, Considered Good)		
b Other debts	2,786.98	1,699.46
TOTAL	<u>2,786.98</u>	<u>1,699.46</u>

SCHEDULE 9 - CASH AND BANK BALANCES

	Rs in Lacs	Rs in Lacs
Cash on hand (Including cheques on hand Rs NIL lacs		
(Previous Yr Rs NIL lacs)	1.93	2.14
Balance with Scheduled Banks:		
in Current Account	1,275.27	857.03
in Fixed Deposit	4,513.79	7,898.41
Cooperative Bank :	0.04	0.04
TOTAL	<u>5,791.03</u>	<u>8,757.62</u>

SCHEDULE 10 - LOANS & ADVANCES

	Rs in Lacs	Rs in Lacs
(Considered Good)		
Deposit with Companies and others	356.02	1,719.04
Advances recoverable in cash or in kind or for value to be received	6,080.14	7,037.98
Tax Deducted at Source & Self Assesment Tax	2,460.35	1,796.25
Fringe Benefit Tax-advance	7.37	92.72
Trade Deposits	6.98	4.90
TOTAL	<u>8,910.86</u>	<u>10,650.89</u>

SCHEDULE 11 - LIABILITIES

	Rs in Lacs	Rs in Lacs
Sundry Creditors	4,864.09	7,773.22
TOTAL	<u>4,864.09</u>	<u>7,773.22</u>

SCHEDULE 12 - PROVISIONS

	Rs in Lacs	Rs in Lacs
Provision for Income Tax	2,538.48	2052.48
Provision for Fringe Benefit Tax	6.98	101.73
Provision for Dividend	1,071.00	1041.01
Provision for Gratuity	54.69	39.83
TOTAL	<u>3,671.15</u>	<u>3,235.05</u>

SCHEDULE 13 - OTHER INCOME

	Rs in Lacs	Rs in Lacs
Profit on sale of assets	261.47	71.77
Provision for NPA no longer required	128.74	-
Bad Debts recovered	34.00	-
Miscellaneous Income	15.66	23.14
TOTAL	<u>439.87</u>	<u>94.91</u>

SCHEDULE 14 - ESTABLISHMENT CHARGES

	Rs in Lacs	Rs in Lacs
Salary and Allowances	1,584.16	1,355.99
Directors Remuneration	121.28	62.56
Contribution to Provident Fund/ESIC.	48.59	60.76
Other Allowances	3.84	2.46
Staff Welfare	26.19	37.26
TOTAL	<u>1,784.06</u>	<u>1,519.03</u>



LKP Finance Limited

SCHEDULE 15 - ADMINISTRATIVE EXPENSES

Rent, Rates & Taxes	334.22	298.10
Repairs - Others	101.32	126.97
Electricity	68.38	76.42
Advertisement	41.43	28.65
Directors Fees	0.72	0.53
Traveling & Conveyance	116.44	115.37
Postage, Telegram & Telephones	220.32	202.02
Legal and Professional Charges	294.53	209.35
Printing & Stationery	99.60	104.24
Auditors Remuneration :		
Audit fees	4.13	3.14
Tax audit fees	0.28	0.17
Vehicle Maintenance	36.66	43.14
Insurance	18.10	19.57
Irrecoverable lease rentals written off	124.63	-
Loans Irrecoverable written off	3.56	168.99
Loss on sale of fixed assets	5.01	7.40
Brokerage	277.17	-
Donation	1.13	0.72
Miscellaneous Expenses	1,548.42	1,615.35
TOTAL	3,296.05	3,020.13

SCHEDULE 16 - SIGNIFICANT ACCOUNTING POLICIES.

- Basis of Accounting
 - 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.
 - Principles of Consolidation
 - The consolidated financial statements relate to LKP Finance Ltd (formerly known as LKP Merchant Financing Limited ('the Company) and its Subsidiary Companies. The consolidated financial statements have been prepared on the following basis.
 - The financial statements of The Company and its Subsidiary Companies 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 Companies 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, LKP Securities Ltd in respect of Minority interest (2.31% of the Subsidiary's Equity Capital).
 - The Subsidiary Companies in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% of voting power held as at 31st March, 2010.
1. LKP Securities Limited	India	97.69
2. Gayatri Cement & Chemical Industries Pvt Ltd	India	100.00
- 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 Subsidiaries LKP Securities Limited & Gayatri Cement & Chemical Industries Pvt Ltd.
- Segment reporting and related information is not given, as the same is not applicable to the Company and its Subsidiaries as there is only one segment.
- Particular with respect to Earnings per share is calculated as follows:

	2009-10	2008-09
Profit after Taxation (Rupees in Lacs)	2,341.61	7,871.13
Number of Shares Outstanding	1,30,77,489	1,27,11,263
	Rs. Ps.	Rs. Ps.
Earnings per shares (Basic)	17.96	61.92
Earnings per shares (Diluted)	17.96	57.41
Face Value of Share	10	10

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

- 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. Gayatri Cement & Chemical Industries Pvt Ltd	Subsidiary Company
3. Peak Plastonics Pvt. Ltd.	Associate Company
4. MKM Share & Stock Brokers Ltd.	Associate Company
5. Sea Glimpse Investments Pvt. Ltd.	Associate Company
6. Bhavna Holdings Pvt. Ltd.	Associate Company
7. M/s. L.K. Panday	Partnership
8. Mr. M V Doshi	Key Managerial Personnel

(ii) Transaction with related parties.

	Subsidiary Company	Associate	Key Managerial Personnel	Total (Rs.in Lacs)
Rent income	10.32	---	---	10.32
Interest Income	---	---	---	---
Directors Remuneration	---	---	96.74	96.74

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	As at 31.3.2010	As at 31.3.2009
	Rs in Lacs	Rs in Lacs
A. Cash Flow From Operating Activities:		
Net Profit/(Loss) before tax and Extraordinary		
Items and Interest.	3,158.80	9,498.32
Adjustments for:		
Depreciation	250.44	315.68
Dividend Received	(97.72)	(274.45)
Interest Paid	(782.87)	(437.70)
Profit on sale of investments	(2,185.68)	(14,971.76)
Profit on sale of assets (net)	(256.46)	(64.36)
Advances and leased assets w/off	128.19	159.37
Operating Profit before Working Capital Changes	214.70	(5,774.90)
Adjustments for working capital changes	(1,422.68)	(2,650.68)
Cash Generated from operations	(1,207.98)	(8,425.58)
Interest paid	(782.87)	(519.75)
Direct taxes paid	(484.00)	(939.80)
Net cash from operating activities	(2,474.85)	(9,885.13)
B. Cash flow from investing activities		
Purchase of fixed assets	(128.93)	(312.43)
Sale of fixed assets	318.67	240.09
Purchase of Investments	(1,280.87)	(4,789.19)
Sale of Investments	3,377.47	15,284.10
Dividend / interest received	97.72	377.95
Net cash used in investing activities	2,384.06	10,800.52
C. Cash flow from financing activities		
Proceeds from long term borrowings	(2,423.58)	5,056.54
Redemption of Preference shares and buy back of equity shares.	571.85	
Dividend paid	(1,024.07)	
Net cash used in financing activities	(2,875.80)	5,056.54
Net increase in cash and cash equivalents	(2,966.60)	5,971.93
Cash and cash equivalents. (opening)	8,757.62	2,785.69
Cash and cash equivalents. (closing)	5,791.03	8,757.62

As per our Report attached
 For FORD, RHODES, PARKS & CO. *Executive Chairman* **M. V. Doshi**
Chartered Accountants *Director* **V. N. Suchanti**
Firm Registration No. 102860W *Director* **M. S. Bhise**

A.D. Shenoy
 Partner
 Membership No 11549
 Mumbai
 Dated : 28th April, 2010.

Mumbai
 Dated : 28th April, 2010



LKP Finance Limited
Registered Office : 203, Embassy Centre, Nariman Point, Mumbai - 400 021.

ATTENDANCE SLIP

26th Annual General Meeting on Monday, 12th July, 2010

R/F No.

DP/ID NO.

Mr./Mrs./Miss.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company

I hereby record my presence at the 26th Annual General Meeting of the Company held at M. C. Ghia Hall, Hargovindas Building, 18/20, Kaikhuskru Dubash Marg, Mumbai - 400 001, at 11.00 a. m. on Monday, 12th July 2010

.....
Proxy's Name in Block Letters

.....
Member's/Proxy's Signature

NOTES :

1. This Meeting is of Members only and you are requested not to bring with you any person who is not a Member.
2. Shareholders/Proxy holders are requested to bring the attendance slips with them when they come to the Meeting and hand over at the entrance after affixing their signature on them.
3. Shareholders are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting, as copies of the Report will not be distributed again at the Meeting, in view of the increasing cost of the Annual Report.
4. If it is intended to appoint a proxy, the Form of Proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.



LKP Finance Limited
Registered Office : 203, Embassy Centre, Nariman Point, Mumbai - 400 021.

PROXY

R/F No.

DP/ID NO.

I/We.....of.....

.....in the district of..... being a
member/members of LKP Finance Ltd. hereby appoint.....

.....of.....

.....in the district of.....or failing him

.....of.....

.....in the district of..... as my/our

Proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on Monday, 12th July 2010 and at any adjournment thereof.

As witness my hand this day of.....2010.

Signed

Affix 1 Re.
Revenue
Stamp

BOOK-POST



If undelivered, please return to :

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