

# **LKP Finance Limited**



**30<sup>TH</sup> ANNUAL REPORT 2013-2014**

**Board of Directors :**

Mr. M. V. Doshi *Executive Chairman*  
Mr. V. N. Suchanti  
Mr. M. S. Bhise  
Mr. Hariharan Padmanabhan  
Mr. P. M. Doshi  
Mr. Sayanta Basu

**Company Secretary :**

Mr. G. B. Innani  
(General Manager - Legal & Company Secretary)

**Auditors :**

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

**Registered Office :**

203, Embassy Centre,  
Nariman Point,  
Mumbai - 400 021.  
Tel. : 4002 4785 / 4002 4786  
Fax : 2287 4787

**Registrar & Shares Transfer Agent :**

Adroit Corporate Services Pvt. Ltd.  
19, Jaferbhoy Industrial Estate,  
1st Floor, Makavana Road,  
Marol Naka, Andheri (East),  
Mumbai - 400 059.  
Tel. : 28590942 / 28594060

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*Annual General Meeting on Tuesday, 10th June, 2014 at  
11.00 a.m. at M. C. Ghia Hall, Hargovindas Building,  
18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.*

**NOTICE**

**NOTICE** is hereby given that the Thirtieth Annual General Meeting of the members of LKP Finance Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001 on Tuesday, 10<sup>th</sup> June 2014 at 11.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet and Profit and Loss Statement for the year ended 31<sup>st</sup> March 2014 and Report of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Hariharan Padmanabhan (holding DIN 00214284), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Ford, Rhodes, Parks & Co., Chartered Accountants (ICAI Registration No.102860W) as statutory auditors of the Company and fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:  
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Milan S. Bhise (holding DIN 00142276), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31<sup>st</sup> March, 2019.”
6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:  
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Vinit N. Suchanti (holding DIN 00004031), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31<sup>st</sup> March, 2019.”
7. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:  
“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Shri Mahendra V. Doshi as an Executive Chairman of the Company, for a period of 3 (three) years with effect from April 1, 2014, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice, with liberty to the Board of

Directors (hereinafter referred to as “the Board” which term shall be deemed to include Nomination and Remuneration Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Part II of Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the said remuneration and perquisites except commission on net profit, be payable as minimum remuneration, notwithstanding that in any financial year of the Company during the term of his office as a Executive Chairman, the Company may make no profits or the profits made are inadequate.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary proper or expedient to give effect to this Resolution.”

8. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:  
“RESOLVED THAT in accordance with the provisions of Section 188 (1) (f) and all other applicable provisions of the Companies Act, 2013 (the Act) including any statutory modification(s) or re-enactment thereof, for the time being in force, the consent of the Company be and is hereby accorded to Shri Pratik M. Doshi, Director of the Company, to hold office as the Whole-time Director of LKP Securities Limited, Subsidiary of the Company for a period of 3 years with effect from 26<sup>th</sup> October 2013 on remuneration and such other terms conditions set out in the Explanatory Statement annexed to this Notice and shall continue to hold office as such of the said Subsidiary upon any enhanced or revised terms of remuneration and/or appointment as such as may be approved by the Board of Directors and/or Remuneration Committee of the said Subsidiary from time to time.  
RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”
9. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:  
“RESOLVED that in supersession of the Ordinary Resolution adopted at the 11<sup>th</sup> Annual General Meeting of the Company held on 9<sup>th</sup> June 1995, and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of 500 Crores (Rupees Five Hundred crores) over and above the aggregate of the paid up share capital and free reserves of the Company.”

By Order of the Board of Directors

Mumbai  
Date: 9<sup>th</sup> May 2014

(M. V. Doshi)  
Executive Chairman

**IMPORTANT NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from Tuesday, 3<sup>rd</sup> June, 2014 to Tuesday 10<sup>th</sup> June, 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the dividend for the year 2013-2014.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Dividend of Rs. 2.00 per share has been recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2014 and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on or after 11<sup>th</sup> June, 2014
5. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
6. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
8. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
9. Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company/

Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.

10. Electronic copy of the Notice of the 30<sup>th</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30<sup>th</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
11. Members may also note that the Notice of the 30<sup>th</sup> Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website [www.lkpsec.com](http://www.lkpsec.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [lkpfininvestor.relations@lkpsec.com](mailto:lkpfininvestor.relations@lkpsec.com)

**12. Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 30<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

**The instructions for members for voting electronically are as under:-**

**(I) In case of members receiving e-mail:**

- i) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Select the Electronic Voting Sequence Number ("EVSN") 140513001 along with "LKP Finance Limited" from the drop down menu and click on Submit.
- v) Now, fill up the following details in the appropriate boxes:

	<b>For Members holding shares in Demat Form</b>	<b>For Members holding shares in Physical Form</b>
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	

DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. # <b>Any one</b>

\* Members who have not updated their PAN with the Company/ Depository Participant are requested to use the default number: <lkp30agm> in the PAN field.

- vi) After entering these details appropriately, click on “SUBMIT” tab.
- vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach ‘Password Change’ menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

You can also update your mobile number and e-mail ID in your demat account, which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the member forgets the password and the same needs to be reset.

- viii) For members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in the Notice of AGM .
- ix) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

**II. In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**

- (i) Initial password and other details are provided as below at the bottom of Attendance Slip
- (ii) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.

- III. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- IV. The voting period begins on 4<sup>th</sup> June 2014 (9:00 am) and ends on 5<sup>th</sup> June, 2014 (6:00 pm). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 10<sup>th</sup> May, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 10<sup>th</sup> May, 2014.
- VII. Mr. V. Ramachandran, proprietor M/s V.R. Associates, Company Secretaries (Membership No. ACS 7731, CP No. 4731) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website [www.lkpsec.com](http://www.lkpsec.com) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
- 13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (11.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
- I. **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 5**

Mr. Milan S. Bhise, age 52 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in July 26, 2001. Mr. Milan S. Bhise is the Chairman of the Stakeholders Relationship Committee and a member of Audit Committee and Nomination and Remuneration Committee, of the Company.

Mr. Milan S. Bhise holds Bachelor’ degree in Arts and Laws and Diploma in Management Science. Mr. Milan S. Bhise has vast experience and expertise in the field of Corporate Laws, Commercial Arbitration and Legal Matters. He has been practicing as an Advocate and Solicitor for last 22 years. He is the proprietor of M/s. Milan Bhise and Co., Advocates and Solicitors (UK).

Mr. Milan S. Bhise does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Milan S. Bhise is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Milan S. Bhise being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Milan S. Bhise as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Milan S. Bhise fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Mr. Milan S. Bhise as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Milan S. Bhise as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Milan S. Bhise Independent Director, for the approval by the shareholders of the Company.

Except Mr. Milan S. Bhise, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 6**

Mr. Vineet N. Suchanti, age 44 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in July 26, 2001. Mr. Vineet N. Suchanti is the Chairman of Audit Committee, Nomination and Remuneration Committee and a Member of Shareholders Grievances Committee and Share Transfer Committee, of the Company.

Mr. Vineet N. Suchanti is MBA from University of Rochester, USA. Mr. Vineet N. Suchanti has vast experience and expertise in the field of Finance, Capital Markets and Business. He is a Managing Director of Keynote Corporate Services Limited and Director in Keynote Capitals Limited, Keynote Commodities Limited, Keynote Fincorp Limited, MITCON Consultancy & Engineering Services Limited and EagleEye Research & Media Private Limited (nominee).

Mr. Vineet N. Suchanti does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Vineet N. Suchanti is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Vineet N. Suchanti being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Vineet N. Suchanti as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Vineet N. Suchanti fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Mr. Vineet N. Suchanti as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vineet N. Suchanti as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Vineet N. Suchanti Independent Director, for the approval by the shareholders of the Company.

Except Mr. Vineet N. Suchanti, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 7**

The Board of Directors of the Company at its meeting held on 9<sup>th</sup> May, 2014, subject to the approval of Members, re-appointed Shri Mahendra V. Doshi as an Executive Chairman, for a further period of 3 years with effect for 1<sup>st</sup> April, 2014. The approval of the members is being sought to the terms, conditions and stipulations for the re-appointment of Shri Mahendra V. Doshi as an Executive Chairman and the remuneration payable to him.

Broad particulars of the terms of re-appointment of and remuneration payable to Shri Mahendra V. Doshi, are as under :

#### **1. Salary**

Salary up to Rs. 6,00,000/- (Rs. Six Lacs only) per month as consolidated.

#### **2. Commission**

In addition, to the salary, Mr. Mahendra V. Doshi shall be entitled to receive commission on net profits. The commission payable to him will be determined by the Board and/or the Nomination and Remuneration Committee of the Board for each financial year. The overall remuneration including commission to him shall not exceed 5% of the net profits of the Company for each financial year or part thereof to be computed in the manner referred to under Section 197 of the Act and other applicable provisions thereof, or any statutory modification(s) or re-enactment thereof.

#### **3. Perquisites & Allowances**

I. House Rent Allowance in accordance with the rules of the Company.

II. Medical Reimbursement :

Reimbursement of Medical Expenses incurred by him for self and family subject to the ceiling of Rs. 1,00,000/- (Rs. One Lac Only) in a year.

III. Leave Travel Allowance :

Leave Travel Allowance for him and his family, once in a year up to a sum of Rs. 40,000/- (Rs. Forty Thousand only) per year, incurred in accordance with the rules of the Company.

**IV. Club Fees:**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**V. Provident Fund, Super-annuation Fund and Gratuity :**

Company's Contribution to Provident Fund, Superannuation Fund and Gratuity as per rules of the Company payable to Mr. Mahendra V. Doshi will not be considered for calculating the ceiling on remuneration.

**VI. Car and Telephones:**

Provision of car with chauffeur for use on Company's business and telephone, mobile and communication facilities like Internet at residence shall not be considered as perquisites. The personal long distance calls on telephone and car for private purpose shall be billed by the Company.

**VII. Leave:**

Leave on full pay and allowance, as per the rules of the Company, but not more than one month's leave for every eleven months of service. However, leave accumulated but not availed of will not be allowed to be encashed.

**VIII. Period:**

Three years commencing from 1<sup>st</sup> April 2014.

The office of Executive Chairman may be terminated by the Company or by him by giving the other 3 (three) months' prior notice in writing.

**4. Compensation**

The Executive Chairman shall be entitled to compensation for loss of office as provided in Section 191 and 202 of the Companies Act, 2013.

**5. Sitting Fees**

No Sitting Fees shall be paid to the Executive Chairman for attending meeting of the Board of Directors or any Committee of the Board.

**6. Reimbursement of Expenses :**

Reimbursement of expenses incurred for travelling, boarding and lodging including for his attendant(s) during business trips; provision of car for use on the Company's business; telephone expenses at residence and club membership shall be reimbursed and not considered as perquisites.

**7. General:**

- (i) The Executive Chairman will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the directions given by the Board from time to time in all respects and confirm to and comply with all such directions and regulations as may from time to time be given and made by the Board and his functions will be under the overall authority of the Board of Directors.
- (ii) The Executive Chairman shall adhere to the Company's Code of Business Conduct and Ethics for Directors and Management personnel.
- (iii) Mr. Mahendra V. Doshi satisfy all the conditions set out in Part-I of Schedule V to the Act for being eligible for the re-appointment.

**I GENERAL INFORMATION:****(1) Nature of industry:**

The Company is a Non Banking Financial Company (NBFC). The main business of the Company is Merchant Financing, investment in securities and dealing in shares, debentures etc .

**(2) Date or expected date of commencement of commercial production:**

As the Company is not manufacturing Company, the same is not applicable.

**(3) Financial Performance based on given indicators:**

During the year ended 31<sup>st</sup> March 2014 the Company achieved total Income of Rs. 3557.17 Lacs , a profit before depreciation and tax of Rs. 723.38 Lacs and Net profit after tax of Rs. 747.69 Lacs. The detail financial performance of the Company is discussed in the enclosed Annual Report for the year ended 31<sup>st</sup> March 2014.

**(4) Foreign investments or Collaborators, if any:**

There is no foreign investments made or collaborators in the Company. There is 5.96% Share Capital of the Company held by Foreign Corporate Body.

**II INFORMATION ABOUT APPOINTEE AND OTHER INFORMATION:****(1) Background Detail**

Mr. Mahendra V. Doshi (holding DIN No. 00123243) age 64 is the promoter of the Company and is associated with Company since inception.

**Other Directorship**

- i. Nilkamal Ltd.
- ii. Graviss Hospitality Limited
- iii. LKP Securities Ltd.
- iv. MKM Share and Stock Brokers Ltd.
- v. Salzer Magnet Wires Limited
- vi. Bhavana Holdings Pvt. Ltd.
- vii. LKP Holdings Pvt. Ltd.
- viii. Peak Plastonics Pvt. Ltd.
- ix. Sea Glimpse Investment Pvt. Ltd.
- x. SolarEx P V Solution Pvt. Ltd.

**Chairman/Member of the following Committees**

1. LKP Finance Ltd.
  - i. Audit Committee- Member
  - ii. Share Transfer Committee- Chairman
  - iii. Assets Liability Committee & The Risk Oversight Committee- Chairman
2. Graviss Hospitality Limited
  - i. Audit Committee - Chairman
  - ii. Shareholders & Investors Grievance Committee – Member
3. Nilkamal Ltd.
  - i. Audit Committee – Member
  - ii. Remuneration Committee - Member

- (2) Past Remuneration  
Rs. 48,00,000/- plus retirement benefits (financial year 2013-2014)
- (3) Recognition or awards  
Nil.
- (4) Job profile and suitability  
Mr. Mahendra V. Doshi shall be responsible for the day today operation and managing the affairs of the Company under the superintendence, guidance and control of the Board. He is functioning as an Executive Chairman of the Company since 26<sup>th</sup> July 2001. He is an MBA and has over 36 years of vast experience in the field of Finance, Capital Market and Business Administration.
- (5) Remuneration proposed  
As mentioned above under explanatory statement.
- (6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person  
Keeping in view the type of the industry, size of the Company, the responsibilities and profile of Shri Mahendra V. Doshi, the proposed remuneration is competitive with the remuneration paid by other companies in similar line of business to such managerial personnel.
- (7) Pecuniary relationship with the Company, or relationship with the managerial personnel  
Shri Mahendra V. Doshi is a promoter of the Company and holding 58.43% equity shares in the paid-up capital of the Company. Shri Pratik M. Doshi, a Director, may be deemed to be interested in the Resolution pertaining to the re-appointment of, and remuneration payable to Shri Mahendra V. Doshi as they are related to each other. Save and except the above, none of the other Directors or Key Managerial Personnel of the Company is, in any way, concerned or interested in the Resolution.

### III OTHER INFORMATION :

- (1) Reasons of loss or inadequate profits  
Uncertain economic conditions, poor economic growth, high inflation, slow-down in industrial growth severely affected the capital market. This had an adverse effect on profitability.
- (2) Steps taken /to be taken for improvement  
The Company continues its efforts to generate non-fund based business. The Company continues to make all efforts to recover dues from the clients by negotiations or by resorting to legal recourse.
- (3) Expected increase in productivity and profits  
The likelihood of a stable and decisive government at the Centre, will certainly boost the prospects for the financial year 2014-2015 and the management is optimistic of achieving improvement in performance.

### IV DISCLOSURES :

The detail required to be furnished under the Disclosures, is already provided wherever applicable under Explanatory Statement and Corporate Governance Report.

Shri Mahendra V. Doshi is interested in the Resolutions as set out in the Notice which pertain to his re-appointment and remuneration payable to him.

Copy of the Draft letter of re-appointment would be available for inspection without any fee by the members at the Registered Office

of the Company during normal business hours on any working day, excluding Saturday, upto and including the date of the Annual General Meeting.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

The Board commends the Resolution as set out at Item Nos. 7 of the Notice for your approval.

### Item No. 8

Shri Pratik M. Doshi (holding Din No. 00131122), Director of the Company has been re-appointed as the Whole-time Director of LKP Securities Limited, Subsidiary of the Company, for a period of 3 years, with effect from 26<sup>th</sup> October 2013.

Pursuant to the provision of Section 188 (1) (f) of the Companies Act, 2013, consent of the Company is, *inter alia*, required to be accorded by the Company by a Special Resolution, where a Director or relative of Director is appointed to an office or place of profit under the Company or a Subsidiary of the Company. Shri Pratik M. Doshi is a Director of the Company and also relative of Shri Mahendra V. Doshi –Executive Chairman of the Company. Accordingly, it is proposed to obtain consent of the Company as such as set out in the draft resolution mentioned at Item No. 8 of the accompanying Notice.

Shri Pratik M. Doshi, as the Whole-time Director of LKP Securities Limited, is in-charge for the management of the said Subsidiary's affairs on day-to-day basis.

The Board believes that the said Subsidiary would grow extensively under the guidance of Shri Pratik M. Doshi, who possesses the necessary expertise and experience to accelerate the Subsidiary's operations and achieve its vision.

The material terms of re-appointment and remuneration of Shri Pratik M. Doshi as the Whole-time Director of LKP Securities Limited, Subsidiary of the Company are as under:

1. **Salary :** Rs. 1,70,000/- p. m.
2. **Perquisites:**
  - I. House Rent Allowance - Rs. 30,000/- p. m.
  - II. Special Allowance -Rs.48,750/- p. m.
  - III. Medical Reimbursement: Reimbursement of Medical Expenses incurred by him for self and family subject to the ceiling of Rs.15,000/- in a year.
  - IV. Leave Travel Allowance: As per the rules of the said Subsidiary Company.
  - V. Provident Fund, Superannuation Fund and Gratuity: Contribution to Provident Fund, Superannuation Fund and Gratuity shall be as per the rules of the said Subsidiary Company will not be considered for calculating the ceiling of remuneration.
  - VI. Car and Telephones: Provision of car with chauffeur for use of said Subsidiary Company's business and telephone, mobile and communication facilities like Internet at residence shall not be considered as perquisites. The personal long distance calls on telephone and car for private purpose shall be billed by the said Subsidiary Company.
  - VII. Leave: Leave on full pay and allowance, as per the rules of the said Subsidiary Company, but not more than one month's leave for every eleven months of service. However, leave accumulated but not availed of will not be allowed to be encashed.



3. In addition to Salary and Perquisites as aforesaid, Shri Pratik M. Doshi will also be entitled for Annual Performance Incentive, to be decided by the Board of Directors/ Remuneration Committee of the said Subsidiary Company, from time to time, based on performance criteria to be fixed by them for each financial year within the maximum amount payable in accordance with the provisions of the Companies Act, or any amendments/approvals hereafter in this regard.
4. Shri Pratik M. Doshi, as Whole-time Director of the said Subsidiary Company shall be entitled to compensation for loss of office as provided in the Companies Act.
5. No Sitting Fees shall be paid for attending meeting of the Board of Directors or any Committee of the Board of the said Subsidiary Company.
6. The services are terminable by either by either party giving 90 days notice in writing.
7. The above remuneration is payable as minimum remuneration, notwithstanding that in any financial year during the term of his office as Whole-time Director, the said Subsidiary Company may make no profits or the profits made are inadequate subject, however, to the ceiling limits prescribed under the said Act, from time to time.
8. Terms of remuneration and/or re-appointment of Shri. Pratik M. Doshi, as Whole-time Director of the Company, may be revised as may be approved by the Board of Directors and/or Remuneration Committee of the said Subsidiary, if and when applicable and be subject to the limits prescribed under the said Act, from time to time.

Shri Pratik M. Doshi is interested in the Resolutions as set out in the Notice which pertain to his re-appointment and remuneration payable to him by the said subsidiary Company. Further, Mahendra V. Doshi, Executive Chairman of the Company and a Director of the said subsidiary Company, may be deemed to be interested in the Resolution pertaining to the re-appointment of, and remuneration payable to Shri Pratik M. Doshi as they are related to each other. Shri Mahendra V. Doshi is a promoter of the Company and holding 58.43% equity shares in the Company. Save and except the above, none of the other Directors or Key Managerial Personnel of the Company is, in any way, concerned or interested in the Resolution.

The Board commends the Resolution as set out at Item Nos. 8 of the Notice for your approval.

#### **Item No. 9**

Pursuant to the General Circular no. 04 /2014 dated 25<sup>th</sup> March 2014, issued by Government of India, Ministry of Corporate Affairs, the resolution passed under section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings (subject to the limits prescribed) and / or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of section 180 of the Companies Act, 2013 and thereafter fresh Special Resolution is required to be passed by the members of the Company. In view of the said amendment, approval of member is sought as per the Resolutions set out under item no. 9 of the Notice.

At the Annual General Meeting of the Company held on 9<sup>th</sup> June 1995, the members authorised the Board of Directors to borrow such sums of money as they deem necessary subject to an overall limit of Rs. 300 crores. Considering Company's present scale of operations, it has become necessary to enhance the borrowing limit to Rs. 500 crores. The members' approval is sought pursuant to Section 180(1)(c) of the Companies Act, 2013.

The Board therefore commends the Resolution as set out in item 9 of the convening Notice.

None of the Director or Key Managerial Personnel of the Company is, in any way, concerned or interested in the aforesaid Resolution.

## **II DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE:**

### **Re-appointment of Mr. Hariharan Padmanabhan (Item No. 3)**

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st April, 2014, for the purpose of determining the directors liable to retire by rotation, the Independent Directors shall not be included in the total number of directors of the Company. Mr. Hariharan Padmanabhan (holding DIN 00214284) shall accordingly retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. Mr. Hariharan Padmanabhan joined the Board of Directors as a Director of the Company with effect from 26<sup>th</sup> October, 2009. The said appointment was approved by the members of the Company at their 26<sup>th</sup> Annual General Meeting held on 12<sup>th</sup> July, 2010 by way of an Ordinary Resolution.

Mr. Hariharan Padmanabhan, age 62 Years holds Bachelor's degree of Engineering B. Tech-IIT Kanpur and PGDM-IIM Calcutta. Mr. Hariharan Padmanabhan is a serial entrepreneur, a global corporate board level executive, mentor and angel investor. He is also director on the Board of Shreyas Relay Systems Ltd., Encore Theme Technologies Pvt. Ltd., Encore Empower Services Pvt. Ltd., Encore Techsol Pvt. Ltd., MoFirst Solutions Pvt. Ltd. and PanIIT Alumni Reach for India Foundation.

Except Mr. Hariharan Padmanabhan, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in agenda Item No. 3.

### **Appointment/ Re-appointment of other Directors (Item Nos. 5 to 7)**

For the details of Mr. Milan S. Bhise, Mr. Vineet N. Suchanti and Mr. Mahendra V. Doshi, please refer to the above Explanatory Statement in respect of the Special Business set out at Item Nos. 5 to 7 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

By Order of the Board of Directors

Mumbai

Date: 9<sup>th</sup> May 2014

(M. V. Doshi)

Executive Chairman

**DIRECTORS' REPORT**

The Directors present the Thirtieth Annual Report and Audited Accounts of the Company for the year ended March 31, 2014.

<b>FINANCIAL RESULTS</b>	<b>2013 – 2014</b>	<b>2012 – 2013</b>
	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>
Profit before tax	<b>707.64</b>	<b>1031.07</b>
Less: Tax Expense for the Year	<b>(40.05)</b>	<b>356.19</b>
Profit after tax	<b>747.69</b>	<b>674.88</b>
Profit brought forward from previous year	<b>2250.60</b>	<b>2140.21</b>
Amount available for appropriation	<b>2998.29</b>	<b>2815.09</b>
<b>APPROPRIATIONS:</b>		
Proposed Dividend	<b>243.96</b>	<b>246.23</b>
Tax on Dividend	<b>39.58</b>	<b>39.94</b>
Transfer to Capital Redemption Reserve	<b>14.60</b>	<b>73.35</b>
Transfer to General Reserve	<b>100.00</b>	<b>70.00</b>
Transfer to Special Reserve Fund	<b>149.54</b>	<b>134.98</b>
Excess Provision for Dividend and DDT of earlier year written back	<b>1.86</b>	<b>--</b>
Balance carried to Balance Sheet	<b>2452.47</b>	<b>2250.59</b>

**DIVIDEND**

The Board of Directors are pleased to recommend a dividend @ Rs.2/- per equity share of the Company for the financial year ended 31<sup>st</sup> March 2014. The total cash outflow on account of dividend & tax thereon Rs.283.54 lacs.

**PERFORMANCE REVIEW**

The Company's total income increased to Rs. 3557.17 lacs from Rs. 3463.11 lacs and profit after tax to Rs. 747.69 lacs from Rs. 674.88 lacs in the previous year.

Even under difficult market conditions, the income from operations increased marginally during the year under review. Trading in debt papers and development of retail clients like PF/Pension/Gratuity trust etc. has continued to yield good results.

**BUY- BACK**

At the Board meeting held on 29<sup>th</sup> May 2012, the Board of Directors of the Company had approved to buyback the Company's full paid up equity shares of Rs. 10/- each from open market through Stock Exchange route, subject to maximum Buyback price of Rs. 80/- per share, upto an aggregate amount not exceeding Rs.12,40,00,000/- (Rupees Twelve Crores Forty Lac Only) [excluding brokerage costs, SEBI Turnover charges, taxes such as Securities Transaction tax, service tax and relevant stamp duty] in accordance with the provisions contained in the Articles of Association, Section 77A,77AA,77B and other applicable provisions of the Companies Act 1956 and the provisions contained in the SEBI (Buy Back of Securities) Regulations, 1998 including any statutory modifications and amendments from time to time for the time being in force ("Buyback Regulations"). Pursuant to the aforesaid approval, the Buyback was completed on 28<sup>th</sup> May 2013. The Company had bought-back from the Open Market on B S E Limited in aggregate 8,79,466 equity

shares at an average price of Rs 61.19 per share. Hence the paid up equity share capital of the company as on March 31, 2014 stands reduced to Rs. 12,19,80,230 divided into 1,21,98,023 equity shares of Rs. 10/- each.

**EMPLOYEES STOCK OPTION SCHEME**

Disclosures under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is annexed to this report.

**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 expanded its geographical reach and now has 1540 outlets across India.

As per the Circular No. 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011 issued by Government of India, Ministry of Corporate Affairs, the required financial information in the consolidated balance sheet is given in respect of Company's subsidiaries i.e. LKP Securities Limited and Gayatri Cement and Chemical Industries Private Limited.

The annual accounts of the aforesaid subsidiaries and the related detailed information shall be made available to shareholders of the Company and its subsidiaries, seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept open for inspection by any shareholder at the head office at 112A /203 Embassy Centre, Nariman Point, Mumbai 400 021.

**STATUTORY DISCLOSURE**

During the year under review the Company did not have any employee falling within the scope of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

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 are no foreign exchange earnings & outgo during the year under report.

**DIRECTORS**

Mr. Hariharan Padmanabhan retires by rotation and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

As per the notification of section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. Milan S. Bhise and Mr. Vineet N. Suchanti as Independent Directors for five consecutive years for a term upto 31<sup>st</sup> March 2019. Detail of the proposal for appointment of Mr. Milan S. Bhise and Mr. Vineet N. Suchanti are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 30<sup>th</sup> Annual General Meeting.

Board of Directors in their meeting held on 9<sup>th</sup> May 2014, re-appointed for a period of 3 years with effect from April, 01, 2014 Mr. Mahendra V. Doshi as an Executive Chairman of the Company.

Board of Directors in their meeting held on 30<sup>th</sup> July 2013, had approved the re-appointment of Mr. Pratik M. Doshi as the Whole-time Director of LKP Securities Limited a Subsidiary Company of your Company for a period of 3 years with effect from 26<sup>th</sup> October 2013.

**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 provision prescribed under Section 139 of the Companies Act, 2013. 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: May 09, 2014

**( 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	31.3.2014	31.3.2014
3. Date from which the Company became a subsidiary.	1.4.1995	31.3.2010
4. Extent of Holding Company's interest in the subsidiary Company's Shareholding (in %)	99.81	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	(487.22)	(8.12)
b. for the previous financial years since it became the Holding Company's Subsidiary	133.79	(22.49)
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 Company's subsidiary	--	--

**For and on behalf of the Board**

Mumbai  
Date: May 09, 2014

**( M. V. Doshi )**  
*Executive Chairman*

**Annexure to Directors' Report**
**Disclosures under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**

	<b>Scheme Name: Employees Stock Option Scheme 2010</b>	<b>Granted on April 21, 2010</b>	<b>Granted on June 26, 2012</b>
1.	Options Granted	5,99,500	4,47,000
2.	Pricing Formula	Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options	At a price of Rs. 80/- per option.
3.	Options Vested	3,90,000	3,83,375
4.	Options Exercised	--	--
5.	Total number of Ordinary Shares arising as a result of exercise of Options	--	--
6.	Options Lapsed/ Forfeited/ Surrendered/ Cancelled	2,09,500	24,375
7.	Variations of terms of Options	--	--
8.	Money realized by exercise of the Options	--	--
9.	Total number of Options in force	3,90,000	4,22,625
10.	Employee-wise details of Options granted to:  i) Details of Options granted to senior managerial personnel  ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that Year.  iii) Identified employees, who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant.		--  A total of 7,22,000 options were granted to the Employees of the Company including its subsidiary and also including the options given in 10 iii) below.  One employee received 3,90,000 options.
11.	Diluted Earnings Per Share (EPS) calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended March 31, 2014.		Rs. 5.73
12.	i) Method of calculation of employee compensation cost.  ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if fair value of Options had been used.  iii) The impact of difference on profits and EPS of the Company for the year ended March 31, 2014 had fair value Options had been used for accounting Employee Options.		Intrinsic Value  As the fair value is lower than the intrinsic value the charge to profit and loss account is based on intrinsic value.  There is no change in the reported diluted EPS.
13.	Weighted-average exercise price of options granted is equal/exceeds/less than market price of stock.		1. Rs. 118/- in respect of Options granted on 21/04/2010 – less than the market price. 2. Rs. 80/- in respect of Options granted on 26/06/2012 – exceeds the market price
14.	A description of method and significant assumptions used during the year to estimate the fair value of Options granted during the year.  1) Risk free Interest Rate 2) Expected Life 3) Expected Volatility based on daily closing Market Price 4) Expected Dividends 5) The price of underlying share in the market at the time of grant		The fair value of options has been calculated by using Black Schole's Method. The assumption used in the above are: 9% 5 to 7 years 1.19 % 2.23 % Rs. 125.43 & Rs.57.02

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

India's growth has slowed markedly, reflecting global developments and domestic supply constraints, while inflation remains stubbornly high. Led by falling infrastructure and corporate investment, the slowdown has generalized to other sectors of the economy. The financial positions of banks and corporates have deteriorated. The combination of persistently-high inflation, sizeable current account and fiscal deficits intensified the global liquidity tightening-induced balance of payment pressures experienced during the summer, which resulted in significant portfolio debt outflows, and pressures on currency, equity and bond markets. Along with improving external conditions, positive policy steps taken by the authorities have improved market sentiment. The current account deficit, after reaching a record high in FY2012/13 (fiscal year ending March), is narrowing fast, and capital inflows have picked up. While recent policy initiatives have reduced vulnerabilities, the policy space remains strictly circumscribed because of high deficits and debt, and elevated inflation.

Growth is projected at 4.6 percent for fiscal year 2013/14, and should pick up to 5.4 percent in 2014/15 (at factor cost). Stronger global growth, improving export competitiveness, a favorable monsoon, and a confidence boost from recent policy actions should deliver a modest growth rebound. However, fiscal restraint and a tighter monetary stance will act as headwinds, slowing the recovery. CPI inflation is expected to remain near double-digits well into next year, driven by high food inflation that feeds quickly into wages and core inflation; entrenched inflation expectations; the pass through from a weaker rupee; and ongoing energy price increases. WPI inflation is forecast to remain above the Reserve Bank of India's comfort zone, given that supply constraints will ease only gradually. The current account deficit should narrow in fiscal year 2013/14 to about 3.3 percent of GDP, supported by rebounding exports, higher remittances, rapidly-shrinking gold imports, weakening domestic demand, and broadly stable oil prices.

The principal risk facing India is the inward spillover from global financial market volatility. Protracted economic and financial volatility (triggered by advanced economies' exit from unconventional monetary policies), a lengthy Euro area growth slowdown, and higher oil prices are the main external risks. Slow progress on structural reforms, high inflation, failure to ease supply constraints, and resorting to expansionary fiscal policy are key domestic downside risks.

On the upside, going beyond announced reforms or faster-than- envisaged legislative progress would lead to higher growth and reduce economic vulnerabilities.

The movements of the stock markets impact your company being an Investment Company. 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.

### 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.

LKP Securities Ltd. is one of the reputed broking houses of the country, having a network of 1500 plus outlets across India. The company has put in place a new team to drive the retail business.

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 and phenomenal growth in secondary market volumes provide significant business opportunities for the Company.

Capital market activities in which most of our activities depend on is also influenced by global events and hence there is an amount of uncertainty in the near term outlook of the market.

### 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

India is regaining economic momentum and growth is expected to recover gradually to its high long-term potential, says the latest India Development Update of the World Bank.

According to the Update, a twice-yearly report on the Indian economy and its prospects, economic growth is likely to accelerate to over 6.0% during the current financial year (April 2013-March 2014). Growth is expected to increase further to 6.7% in FY 2015. Recent data point to some improvements in economic activity: inflation and trade deficit came down in recent months, while private consumption and investment growth had accelerated in the third quarter of FY 2013.

"Despite the current downturn, long-term prospects remain bright for India. India possesses the fundamentals to grow at sustained high rates over the next several decades," said Martin Rama, the World Bank's chief economist for the South Asia region. "With the working-age population increasing by 7 million people each year, the country will need to improve its business climate to attract the private sector investment needed for these new entrants to find productive jobs, thereby reducing poverty and boosting shared prosperity," he added.

In the longer term, given India's demographic transition, the country will still be a relatively young nation 20 years from now. This is likely to generate significant volumes of savings and investment

over the coming years. The average schooling of the working-age population will also increase by at least one full year and could well rise by as much as two years.

“While these effects will form the foundation for India’s strong growth in the decades to come, India’s growth drivers will increasingly have to come from domestic sources. To realize its long-term potential, India needs to continue making progress on its domestic reforms agenda, encourage investment, and unlock supply constraints while adhering to fiscal consolidation,” said Denis Medvedev, senior country economist, World Bank India.

In recent months, both inflation as measured by the wholesale price index and the trade deficit have declined. Inflation fell below 6% and core inflation is now within the Reserve Bank of India’s (RBI) comfort range.

#### **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. 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 paid up equity share capital of the Company as on March 31, 2014 stands at Rs. 12,19,80,230 divided into 1,21,98,023 equity shares of Rs. 10/- each fully paid up.

##### **Net Worth**

The Net Worth of the Company increased from Rs. 15444.80 lacs to 15820.04 lacs.

##### **Secured Loans**

The secured loans decreased from Rs.10956.13 lacs to Rs. 4018.50 lacs.

##### **Total Income**

During the year under consideration total income was Rs. 3557.17 lacs as against Rs. 3463.11 lacs in the previous year.

##### **Other Income**

During the year under consideration other income was Rs. 32.31 lacs as against Rs. 7.72 lacs in the previous year.

##### **Interest and Finance Charges**

During the year under consideration total interest and finance charges were Rs.1944.90 lacs as against Rs. 1675.79 lacs in the previous year.

##### **Tax Expense**

During the year under consideration the Tax Expense reduced to (Rs. 40.05) lacs from Rs. 356.19 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 31<sup>st</sup> March 2014 the Company had 17 employees.

LKP Securities Ltd. places significant importance to its human capital. As on 31<sup>st</sup> March 2014 there are 521 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: May 09, 2014

**( M. V. Doshi )**  
*Executive Chairman*

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on Corporate Governance

The Company provides detailed information on various issues concerning the Company's business / performance, to its shareholders. The fundamental philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for 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 31<sup>st</sup> March 2014 are as follows:

Category	Name of Directors	Designation
Promoter	Mr. M. V. Doshi	Executive Chairman
Independent & Non Executive	Mr. Milan S. Bhise	Director
Independent & Non Executive	Mr. Vineet N. Suchanti	Director
Independent & Non Executive	Mr. Hariharan Padmanabhan	Director
Promoter	Mr. Pratik M. Doshi	Director
Nominee	Mr. Sayanta Basu	Director

The composition of the Board of Directors is in accordance with the provisions of Clause 49 of the Listing Agreement. 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 investor in the Company.

#### Board Meeting

The Meeting of the Board of Directors are scheduled well in advance and generally held at the Company's office at Nariman Point, Mumbai. The notice confirming the meeting and the detailed agenda is sent well in advance to all the Directors.

There were four Board Meetings held during the financial year ended 31<sup>st</sup> March 2013, namely on 29<sup>th</sup> April 2013, 30<sup>th</sup> July 2013, 11<sup>th</sup> November 2013, and 3<sup>rd</sup> February 2014. .

#### Attendance, Other Directorship & Membership,

Membership and Attendance of each Director at the Board of Directors' Meetings held during the year and the last Annual General Meeting and the number of other Directorship/ Membership of Board Committees as on 31<sup>st</sup> March 2014:

S. No.	Name of the Director	Board Meeting Attended	Attendance at Last AGM	No. of Directorship in Boards (Excluding LKP Finance Ltd.)		No. of Chairmanship / Membership in other Board Committees (Excluding LKP Finance Ltd.)#	
				Public	Private	Chairmanship	Membership
1	Mr. Mahendra V. Doshi	4	No	5	5	1	3
2	Mr. Vineet N. Suchanti	4	Yes	4	1	--	1
3	Mr. Milan S. Bhise	4	No	--	--	--	--
4	Mr. Hariharan Padmanabhan	2	No	1	5	--	--
5	Mr. Sayanta Basu	4	No	--	7	--	--
6	Mr. Pratik M. Doshi	4	Yes	2	8	--	--

### 3. Audit Committee

The Board has set up Audit Committee having two Independent Directors Mr. Milan S. Bhise and Mr. Vineet N. Suchanti are

members. Mr. Vineet N. Suchanti is the Chairman of the Audit Committee and was present at the last Annual General Meeting. Mr. M. V. Doshi is also a member of Audit Committee.

Audit Committee meetings were held on 29<sup>th</sup> April 2013, 30<sup>th</sup> July 2013, 11<sup>th</sup> November 2013 and 3<sup>rd</sup> February 2014. 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. 48.00 lacs towards remuneration (details of which are provided in the note C 3 of the notes to the financial statements) 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.

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

1. Mr. Milan S. Bhise Rs. 35,000/-
2. Mr. Vineet N. Suchanti Rs. 35,000/-
3. Mr. Hariharan Padmanabhan Rs. 15,000/-
4. Mr. Pratik M. Doshi Rs. 35,000/-
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, General Manager (Legal) & Company Secretary of the Company is compliance officer. During the year under review, 4 shareholders' letters/ complaints were received out of which 3 were about non receipt of Dividend Warrant/s and 1 about non receipt of share certificate after transfer. 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 Reconciliation of Share Capital Audit, for the Company.

At the Board Meeting held on 9<sup>th</sup> May 2014, Stakeholders Relationship Committee is constituted in place of Shareholders' Grievances Committee pursuant to the section 178 of the Companies Act, 2013.

### 6. Compensation Committee

The Board of Directors has constituted Compensation Committee of Directors consisting Mr. M. V. Doshi as a 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 Scheme 2010'.

The said Committee is entrusted with the authority to administer Employees Stock Option Scheme.

At the Board Meeting held on 9<sup>th</sup> May 2014, the Nomination and Remuneration Committee is constituted pursuant to section 178 of the Companies Act, 2013. The said Committee consisting Mr. V. N. Suchanti as a Chairman and Mr. Milan S. Bhise and Mr. Sayanta Basu as Members.

**7. Buy back Committee**

The Board of Directors has constituted Buy back Committee of Directors consisting Mr. M. V. Doshi as Chairman and Mr. V. N. Suchanti as Members of said Committee for administration and superintendence of Company's buy back of equity shares pursuant to the resolution dated 29<sup>th</sup> May 2012 approved by the Board of Directors of the Company.

The said Committee was dissolved after completion of Buyback process on 30<sup>th</sup> May 2013.

**8. General Body Meetings**

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

Financial Year	Day	Date	Time
2012-2013	Friday	31 <sup>st</sup> May 2013	11.00 a. m.
2011-2012	Tuesday	29 <sup>th</sup> May, 2012	11.00 a. m.
2010-2011	Friday	10 <sup>th</sup> June, 2011	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.
2012-2013 No	Special resolution passed.
2011-2012 No	Special resolution passed.
2010-2011	Special Resolution in respect of approval for appointment of Mr. Pratik M. Doshi as a Whole-time Director in Subsidiary Company- LKP Securities Ltd and payment of Remuneration thereof.

During the last year no business had been conducted through postal ballot.

During the current financial year the Company may seek consent of members by postal ballot for special resolution pursuant to Section 180(1)(a) of the Companies Act, 2013 authorizing to the Board of Directors of the Company to create mortgage / charge etc. on company's properties.

**9. Disclosure**

- The related party detail are disclosed in the notes to financial statements. 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 Exchange 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.
- The Company has complied with all applicable Accounting Standards in preparation of its financial statements pursuant to the amended Schedule VI of Companies Act, 1956.

**10. Means of Communication**

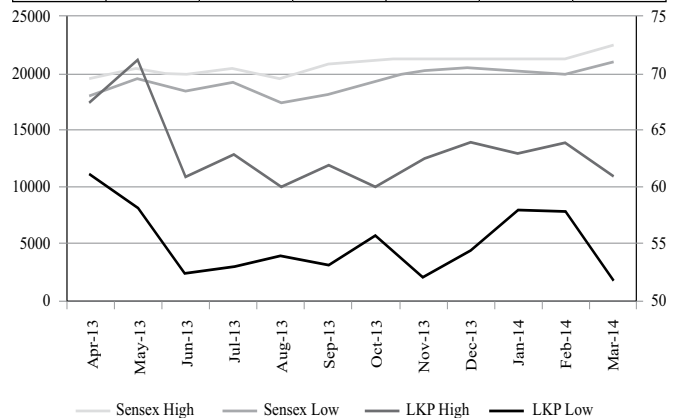
- The financial results of all four quarters were published in The Financial Express and Mumbai Lakshyadeep dailies. These were not sent individually to the shareholders.
- The Company's results or official news are displayed on a web site www.lkpsec.com
- There were no presentations made to the institutional 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	Tuesday, 10 <sup>th</sup> June 2014 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 <sup>st</sup> Quarter - Second week of August 2 <sup>nd</sup> Quarter - First week of November 3 <sup>rd</sup> Quarter - First week of February 4 <sup>th</sup> Quarter - Last week of April
Book Closure	Tuesday, 3 <sup>rd</sup> June, 2014 to Tuesday 10 <sup>th</sup> June, 2014 (both days inclusive).
Dividend payment date	On or after June 11, 2014
Listing on Stock Exchange	B S E Limited, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1st April 2014 to 31st March 2015. 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
Apr-13	67	61	46571	49	19623	18144
May-13	71	58	275103	119	20444	19451
Jun-13	61	53	8605	42	19860	18467
Jul-13	63	53	4820	78	20351	19127
Aug-13	60	54	9221	143	19569	17449
Sep-13	62	53	24019	350	20740	18166
Oct-13	60	56	314364	138	21205	19265
Nov-13	62	52	12746	100	21322	20138
Dec-13	64	55	65550	116	21484	20569
Jan-14	63	58	138324	200	21410	20344
Feb-14	64	58	3706	162	21141	19963
Mar-14	61	52	197373	1342	22467	20921





**Registrar & share Transfer Agent**

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

**Share Transfer System**

The Company's Shares are traded on BSE Limited compulsorily in the dematerialized form. However, all requests received for transfer of shares for off market transaction in physical form furnishing with a copy of PAN card of the transferee(s) in compliance with the SEBI circular in that behalf, are processed by the Registrar and Transfer Agents and are approved by Share Transfer Committee on weekly basis. The Share Transfers are registered and returned within period of 15 days from the date of lodgment, if documents are complete in all respect.

**Distribution of shareholding as on 31<sup>st</sup> March 2014**

Shares Slab	ShareHolders	%	Total Shares	Amount (Rs.)	%
UPTO - 100	3551	64.1	283337	2833370	2.32
101 - 500	1402	25.31	382796	3827960	3.14
501 - 1000	279	5.04	215221	2152210	1.76
1001 - 2000	151	2.73	221349	2213490	1.81
2001 - 3000	39	0.7	98001	980010	0.8
3001 - 4000	18	0.32	62852	628520	0.52
4001 - 5000	14	0.25	63431	634310	0.52
5001 -10000	37	0.67	243329	2433290	1.99
10001 -20000	18	0.32	260369	2603690	2.13
20001 -50000	10	0.18	402531	4025310	3.3
50001 &Above	21	0.38	9964807	99648070	81.69
<b>Total :</b>	<b>5540</b>	<b>100</b>	<b>12198023</b>	<b>121980230</b>	<b>100</b>

**Share holding pattern as on 31<sup>st</sup> March 2014**

Category of Shareholder	Total number of shares	% to the Shareholding
1 Indian Promoters / Person Acting in Concert	7127510	58.43
2 Directors other than Promoters	152892	1.25
3 Mutual Fund and UTI	1400	0.01
4 Financial Institutions / Banks and Insurance Com.	2550	0.02
5 FII's	1329658	10.90
6 Private Corporate Bodies	753360	6.18
7 Indian Public	1925639	15.79
8 Foreign Corporate Bodies	727489	5.96
9 NRI/OCB	177525	1.46
<b>Total</b>	<b>12198023</b>	<b>100.00</b>

**Dematerialization of equity Shares and liquidity**

As on 31<sup>st</sup> March 2014, 96.24 % of the Company's total shares represented by 1,17,38,966 shares were held in dematerialized form.

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

The Company has no out-standing GDR/Warrants/Convertible Instruments.

**Address for correspondence**

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

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

Mumbai  
 Date: May 09, 2014

**(M. V. Doshi)**  
 Executive Chairman

**DECLARATION**

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchange, and according to information provided/available, this is to confirm that all members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2014.

Mumbai  
 May 09, 2014

**(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 31<sup>st</sup> March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE 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 31<sup>st</sup> March, 2014, no investor grievances are pending/un-addressed by the Company as on 9<sup>th</sup> May, 2014, 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

Mumbai,  
 Date: 9<sup>th</sup> May, 2014

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

## Independent Auditor's Report To the Members of LKP Finance Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of LKP Finance Limited ("the Company") which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;

- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
  - e. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Ford, Rhodes, Parks & Co.**  
**Chartered Accountants**  
**Firm registration number: 102860W**

Place : Mumbai  
Date : 9<sup>th</sup> May 2014

**A.D.Shenoy**  
**Partner**  
**Membership number: 011549**

### Annexure to the Auditors' Report

The Annexure referred to in our report to the members of LKP Finance Limited ("the Company") for the year ended 31 March 2014. We report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) During the year the Company has carried out physical verification of Assets. No discrepancy was noticed on such physical verification as compared with fixed asset register.  
(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 except for an interest free unsecured short term loan granted to two of its subsidiaries. The amount due as on 31<sup>st</sup> March 2014 is Rs 1603.82 lacs. There are no stipulations as to repayment of principal.
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 sale of goods and 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.
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 the contracts and arrangements (as referred in Section 301) have been made at prices which are reasonable having regard to the prevailing market price at relevant date.
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. During the year the company has appointed an independent Chartered Accountant to carry out Internal Audit of the Company. The Scope and coverage of the Internal Audit is commensurate with the size and nature of 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 31<sup>st</sup> March, 2014 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 are no disputes pending with tax authorities as at 31<sup>st</sup> March, 2014.
10. The Company has no accumulated losses as on 31<sup>st</sup> March, 2014 and the Company has not incurred any cash losses during the current financial year as also in the immediate preceding 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 dues to banks.
12. As per the books and records of the company examined by us, the Company has granted loans against pledge of shares and proper records have been maintained.
13. Clause (xiii) of the Order 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. The Company has given a guarantee to a Bank for Rs 8.00 crores on behalf of its Subsidiary, where the terms and conditions are not prejudicial to the interests of the company.
16. The Company has not availed term loans except loan for purchase of vehicle.
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 during the year.
19. The Company has not issued any Debentures so creating a charge on the assets of the Company does not arise
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 number: 102860W**

**A.D.Shenoy**  
**Partner**

Place : Mumbai  
Date : 9<sup>th</sup> May 2014

**Membership number: 011549**

**BALANCE SHEET AS AT 31ST MARCH, 2014**
**(Rupees)**
**As at 31.03.2013**

Particulars	Note No.		As at 31.03.2013
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	B01	<b>121,980,230</b>	123,439,940
(b) Reserves and surplus	B02	<b>1,460,024,775</b>	1,421,208,388
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	B03	<b>1,572,092</b>	81,095,893
(b) Long-term provisions	B04	<b>3,862,341</b>	5,301,609
(c) Deferred tax liability		<b>131,822</b>	-
<b>3 Current liabilities</b>			
(a) Short-term borrowings	B05	<b>790,691,548</b>	1,336,022,790
(b) Trade payables	B06	<b>29,747,330</b>	31,967,280
(c) Other current liabilities	B07	<b>14,922,284</b>	195,819,880
(d) Short-term provisions	B08	<b>28,353,695</b>	28,617,190
<b>TOTAL</b>		<b><u>2,451,286,117</u></b>	<b><u>3,223,472,970</u></b>
<b>II. ASSETS :</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets (Tangible Assets)	B09	<b>7,624,150</b>	8,308,968
(b) Non-current investments	B10	<b>368,444,230</b>	407,077,610
(c) Deferred tax asset		-	168,127
(d) Long-term loans and advances	B11	<b>385,000</b>	220,000
<b>2 Current assets</b>			
(a) Inventories (Securities)		<b>293,261,883</b>	429,418,522
(b) Trade receivables	B12	<b>3,789,972</b>	542,078
(c) Cash and cash equivalents	B13	<b>237,019,442</b>	259,861,075
(d) Short-term loans and advances	B14	<b>1,540,761,440</b>	2,117,876,590
<b>TOTAL</b>		<b><u>2,451,286,117</u></b>	<b><u>3,223,472,970</u></b>

Notes forming part of the Accounts

A1 to C16

As per our Report attached.

For and on behalf of the Board

**For FORD, RHODES, PARKS & CO.,**  
*Chartered Accountants*  
*Firm Registration No.102860W*
**Executive Chairman**
**M. V. Doshi**
**Director**
**V. N. Suchanti**
**A. D. Shenoy**
*Partner*

Membership No 11549

**Director**
**P. M. Doshi**
**Director**
**M.S. Bhise**

Mumbai

Mumbai

Dated : 9th May, 2014

Dated : 9th May, 2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

(Rupees)

Particulars	Note No.		Previous Year
I. Revenue from operations	B15	352,485,449	345,539,116
II. Other income	B16	3,231,142	772,145
<b>III. Total Revenue</b>		<u>355,716,591</u>	<u>346,311,261</u>
IV. Expenses:			
Employee benefits expense	B17	50,678,423	35,253,883
Finance costs		194,490,307	167,579,216
Depreciation		1,574,568	982,526
Other expenses	B18	38,209,040	37,263,364
Provision for standard assets		-	2,125,660
<b>V Total Expenses</b>		<u>284,952,338</u>	<u>243,204,650</u>
<b>VI. Profit before tax</b>		70,764,252	103,106,611
<b>VII. Tax expense (Net) for the year</b>		(4,005,191)	35,618,834
<b>VIII. Profit after tax</b>		74,769,443	67,487,777
IX Earnings per equity share:			
(1) Basic		6.12	5.47
(2) Diluted		5.73	5.12
Notes forming part of the Accounts	A1 to C16		

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 : 9th May, 2014

For and on behalf of the Board

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

 Mumbai  
 Dated : 9th May, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

		(Rs In Lacs)
		Previous Year
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit before interest & tax	2,652.54	2,706.86
Adjustments for:		
Depreciation	15.75	9.83
Diminution in Value of Investment	(38.93)	24.20
Employee Stock Compensation Expenses	0.32	(19.61)
Dividend Received	(48.20)	(32.83)
Profit on sale of investments	(46.26)	(18.68)
	<u>(117.32)</u>	<u>(37.10)</u>
Operating Profit before Working Capital Changes	2,535.22	2,669.76
Adjustments for working capital changes	5,519.82	(5,980.52)
Cash Generated from operations	8,055.04	(3,310.76)
Interest paid	(1,944.90)	(1,675.79)
Direct taxes paid	(178.24)	(275.80)
<b>Net cash from operating activities</b>	<u>5,931.89</u>	<u>(5,262.36)</u>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(8.90)	(47.67)
Sale of fixed assets	-	-
Purchase of Investments	(19.40)	(5.74)
Sale of Investments	444.65	2,577.94
Dividend received	48.20	32.83
<b>Net cash used in investing activities</b>	<u>464.55</u>	<u>2,557.36</u>
<b>C. Cash flow from financing activities</b>		
Increase / ( Decrease ) in borrowings	(6,248.56)	3,215.06
Buyback of Shares	(92.76)	(447.23)
Dividend paid (including tax)	(283.54)	(303.98)
<b>Net cash used in financing activities</b>	<u>(6,624.86)</u>	<u>2,463.85</u>
Net increase in cash and cash equivalents	(228.42)	(241.15)
Cash and cash equivalents. (opening)	2,598.61	2,839.76
Cash and cash equivalents. (closing)	2,370.19	2,598.61

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 : 9th May, 2014

For and on behalf of the Board

<b>Executive Chairman</b>	<b>M. V. Doshi</b>
<b>Director</b>	<b>V. N. Suchanti</b>
<b>Director</b>	<b>P. M. Doshi</b>
<b>Director</b>	<b>M.S. Bhise</b>

 Mumbai  
 Dated : 9th May, 2014

**Notes to financial statements for the year ended 31st March, 2014****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting**

The financial statements 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, as amended, notified by the Central Government, in terms of section 211 (3C) of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2. Use of Estimates**

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 revenues 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.

**3. Revenue Recognition**

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.

In respect of other business interest the Company follows the practice of accounting for such Income on accrual basis except dividend, delayed payment charges and interest income on loans and advances, which are accounted on the basis of certainty of collection, and/or receipt basis.

**4. Fixed Assets & Depreciation**

All Fixed Assets including assets given on lease are capitalized at cost inclusive of legal and/or installation and incidental expenses, less accumulated depreciation.

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.

**5. Impairment of Assets**

Impairment losses, if any, are recognized in accordance with Accounting Standard 28(AS 28). Where there is an indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount and the same is charged to the Statement of Profit & Loss.

**6. Inventories**

- a) The securities acquired with the intention of short term holding and trading positions are considered as inventories and disclosed as current assets.

- b) The securities held as inventories under current assets are valued at lower of cost or market value. In case of units of mutual fund, net asset value of units declared by the mutual funds as at 31<sup>st</sup> March, 2014 is considered as market value.

**7. Non Current Investments**

Securities which are intended to be held for one year or more are classified as Non Current- Long Term Investments. 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 Loss on these investments are accounted as and when realized.

**8. Earning Per Share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20- (Earning per Share) prescribed by the Companies (Accounting Standards) Rule, 2006. Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share the net profit after tax and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

**9. Taxes on Income**

- 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.

**10. Employee Benefits**

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

**11. Derivative Transactions.**

- a. **Equity & Commodity Futures** : Gains/Losses on futures transactions are recognized on continuous basis.
  - b. **Options Contracts** : Gains / Losses on options contract are recognized on squaring off/settlement day.
- 12.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.

**Notes to financial statements for the year ended 31st March, 2014**
**B01. Share Capital**

(Rupees)

Particulars	As at 31 March 2013			
	Number	Amount	Number	Amount
<b>Authorised</b>				
Redemable Cumulative Preference Shares of Rs 100/- each	1,000,000	100,000,000	1,000,000	100,000,000
Equity Shares of Rs 10/- each	20,000,000	200,000,000	20,000,000	200,000,000
<b>Issued, Subscribed &amp; Paid up</b>				
Redemable Cumulative Preference Shares of Rs 100/- each	-	-	-	-
Equity Shares of Rs 10/- each	12,198,023	121,980,230	12,343,994	123,439,940
<b>Total</b>	<b>12,198,023</b>	<b>121,980,230</b>	<b>12,343,994</b>	<b>123,439,940</b>

The Equity Shares are listed on the BSE Ltd.

Particulars	Equity Shares	
	Number	Rupees
Shares outstanding at the beginning of the year	12,343,994	123,439,940
Shares Issued during the year	-	-
Shares bought back during the year	145,971	1,459,710
Shares outstanding at the end of the year	12,198,023	121,980,230

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr Mahendra V Doshi	4,382,886	35.93	4,482,886	36.32
Prasu Leasing & Finance Pvt Ltd	1,777,700	14.57	1,777,700	14.40
Agrud Capital Pte Ltd	727,489	5.96	727,489	5.89
India Max Investment Fund Ltd	818,508	6.71	980,585	7.94

Particulars	Year (Aggregate No. of Shares)				
	2013-2014	2012-2013	2011-2012	2010-11	2009-10
<b>Equity Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	145,971	733,495	-	361,263	88,737

**B02. Reserves and Surplus**

(Rupees)

Particulars	As at 31 March 2013	
<b>A. Break up of Reserves and movements thereon</b>		
<b>a. Capital Reserves - Share Warrants moneys forfeited</b>		
Opening Balance	19,400,000	19,400,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	19,400,000	19,400,000



Particulars	As at 31 March 2013	
<b>b. Capital Redemption Reserve on account of buyback of Equity shares</b>		
Opening Balance	11,834,950	4,500,000
(+) Current Year Transfer	1,459,710	7,334,950
(-) Written Back in Current Year	-	-
Closing Balance	13,294,660	11,834,950
<b>c. Securities Premium Account</b>		
Balance as per last balance sheet	237,687,075	275,075,267
Less :Amount paid in excess of face value on buy back	7,816,826	37,388,192
Closing Balance	229,870,249	237,687,075
<b>d. Special Reserve Fund- As per RBI guidelines for NBFCs</b>		
Opening Balance	284,717,606	271,220,050
(+) Current Year Transfer	14,953,889	13,497,556
(-) Written Back in Current Year	-	-
Closing Balance	299,671,495	284,717,606
<b>e. General Reserve</b>		
Opening Balance	640,793,951	633,793,951
(+) Current Year Transfer	10,000,000	7,000,000
(-) Written Back in Current Year	-	-
Closing Balance	650,793,951	640,793,951
<b>f. Employees Stock Options (ESOPs)</b>		
Opening Balance	6,692,785	6,692,785
(+) Current Year Transfer	-	-
(-) Deferred Employees Compensation	4,945,583	4,977,495
(-) Written Back in Current Year	-	-
Closing Balance	1,747,202	1,715,290
<b>B. Surplus</b>		
Opening balance	225,059,517	214,021,435
(+) Net Profit for the year	74,769,443	67,487,779
(-) Transfer to Capital Redemption Reserve	1,459,710	7,334,950
(-) Transfer to Special Reserve Fund	14,953,889	13,497,556
(-) Transfer to General Reserve	10,000,000	7,000,000
(-) Proposed Dividend	24,396,046	24,622,762
(-) Tax on Proposed Dividend	3,957,649	3,994,428
(+) Excess Provision for Dividend and DDT of earlier year written back	185,552	-
Closing Balance	245,247,219	225,059,517
<b>Total</b>	1,460,024,775	1,421,208,388

**B03. Long Term Borrowings**

Particulars	As at 31 March 2013	
<b>Secured</b>		
From banks	-	78,655,882
(Secured by pledge of Fixed Deposit Receipts)		
From others	1,572,092	2,440,010
(Secured by Hypothecation of vehicle)		
<b>Total</b>	1,572,092	81,095,893

**B04. Long Term Provisions**

Particulars	As at 31 March 2013	
Contingent Provisions against standard assets	3,862,341	5,301,609
<b>Total</b>	<b>3,862,341</b>	<b>5,301,609</b>

**B05. Short Term Borrowings**
**Secured**

(a) From banks. (Secured By pledge of Fixed Deposit Receipts and Securities)	231,280,511	360,170,642
(b) Loans from Corporates (Secured by pledge of own and third party securities)	168,998,274	975,852,148

<b>Unsecured</b>	<b>390,412,763</b>	-
<b>Total</b>	<b>790,691,548</b>	<b>1,336,022,790</b>

**B06. Trade Payables**

(a) Trade Payables: Sundry Creditors	29,747,330	31,967,280
<b>Total</b>	<b>29,747,330</b>	<b>31,967,280</b>

**B07. Other Current Liabilities**

(a) Statutory Dues	8,797,468	5,184,572
(b) Unpaid dividends	4,770,072	4,401,745
(c) Other payables	1,354,744	186,233,562
<b>Total</b>	<b>14,922,284</b>	<b>195,819,880</b>

**B08. Short Term Provisions**

<b>Proposed Dividend</b>	<b>24,396,046</b>	24,622,762
<b>Dividend Distribution Tax on above</b>	<b>3,957,649</b>	3,994,428
<b>Total</b>	<b>28,353,695</b>	<b>28,617,190</b>

**B09. Fixed Assets**

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	Balance as at 1 April 2013	Additions / (Deductions)	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	Deductions	Balance as at 31 March 2014	Balance as at 31 March 2014	Balance as at 31 March 2013
<b>Tangible Assets</b>									
Buildings	11,988,467	-	11,988,467	8,977,740	150,536	-	9,128,276	2,860,191	3,010,727
Furniture and Fixtures	125,000	-	125,000	111,077	2,520	-	113,597	11,403	13,923
Vehicles	6,520,661	-	6,520,661	1,374,087	1,332,448	-	2,706,535	3,814,126	5,146,574
Office Equipments	550,000	-	550,000	412,256	19,160	-	431,416	118,584	137,744
Computer	-	37,000	37,000	-	6,244	-	6,244	30,756	-
Lease Hold Improvement	-	852,750	852,750	-	63,659	-	63,659	789,091	-
<b>Total</b>	<b>19,184,128</b>	<b>889,750</b>	<b>20,073,878</b>	<b>10,875,160</b>	<b>1,574,568</b>	<b>-</b>	<b>12,449,728</b>	<b>7,624,150</b>	<b>8,308,968</b>

Note : Cost of Buildings includes cost of shares of Rs 250/- in Embassy Centre Premises Co-operative Society Ltd.

**B10. Non Current Investments**

Particulars	As at 31 March 2013	
<b>Investments</b>		
(a) Investment in Equity instruments	<b>189,063,541</b>	231,589,496
(b) Investments in Preference shares	<b>179,365,954</b>	179,365,954
(c) Investments in Debentures and bonds	-	-
(d) Investments in Mutual Funds	<b>14,735</b>	14,735
<b>Total</b>	<b>368,444,230</b>	410,970,185
Less : Provision for diminution in the value of quoted Investments	-	(3,892,574)
<b>Total</b>	<b>368,444,230</b>	407,077,611
Aggregate amount of quoted investments (Market value Rs 7,38,23,169/- (Previous Year Rs 7,63,69,940/-)	<b>72,837,229</b>	115,295,684
Aggregate amount of unquoted investments	<b>295,607,000</b>	295,674,500

**Details of Investments in Securities**

Sr. No.	Name of the Body Corporate	Subsidiary / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount	
			31st March 2014	31st March 2013			31st March 2014	31st March 2013
<b>a Investment in Equity Instruments</b>								
	Tata Motors Ltd	Others	40	40	Quoted	Fully paid	3,061	3,061
	Maharashtra Polybutane Ltd	Others	300,000	300,000	Quoted	Fully paid	666,189	666,189
	JSW Steel Ltd	Others	47	47	Quoted	Fully paid	1,280	1,280
	D S Kulkarni Developers Ltd	Others	583	583	Quoted	Fully paid	64,130	64,130
	NHPC Ltd	Others	131,910	131,910	Quoted	Fully paid	3,050,198	3,050,198
	Reliance Broadcast Network Ltd	Others	-	700,000	Quoted	Fully paid	-	44,389,127
	Mercator Lines Limited	Others	1,341,942	1,271,000	Quoted	Fully paid	35,057,251	33,700,320
	City Union Bank Limited	Others	92,417	200,000	Quoted	Fully paid	2,671,688	1,524,208
	City Union Bank Limited- Rights	Others	-	57,374	Quoted	Partly Paid	-	573,740
	Manganese Ore India Limited	Others	3,406	3,406	Quoted	Fully paid	1,277,250	1,277,250
	South Indian Bank Limited	Others	1,000,000	1,000,000	Quoted	Fully paid	20,647,019	20,647,019
	Thomas Cook (India) Ltd	Others	440	440	Quoted	Fully paid	18,474	18,474
	The Saraswat Co-op Bank Ltd.	Others	1,005	1,005	Unquoted	Fully paid	10,050	10,050
	The Hindustan Times Ltd.	Others	5,600	5,600	Unquoted	Fully paid	1,256,500	1,256,500
	LKP Holdings Pvt Ltd	Others	-	7,600	Unquoted	Fully paid	-	76,000
	LKP Securities Ltd.	Subsidiary	26,192,350	26,190,650	Unquoted	Fully paid	107,940,450	107,931,950
	Gayatri Cement & Chemicals Industries Pvt.Ltd	Subsidiary	21,000	21,000	Unquoted	Fully paid	16,400,000	16,400,000
							<b>189,063,540</b>	231,589,496
<b>b Investments in Preference Shares</b>								
*{	Thomas Cook (India) Ltd 0.001% Class B Preference Shares	Others	319,765	319,765	Quoted	Fully paid	5,062,680	5,062,680
*{	Thomas Cook (India) Ltd 0.001% Class C Preference Shares	Others	271,800	271,800	Quoted	Fully paid	4,303,274	4,303,274
	LKP Securities Ltd-Preference Shares	Subsidiary	1,700,000	1,700,000	Unquoted	Fully paid	170,000,000	170,000,000
							<b>179,365,954</b>	179,365,954
<b>d Investments in Mutual Funds</b>								
	BenchMark Mutual Fund.	Others	147,342	147,342	Quoted	Fully paid	14,735	14,735
	<b>Total</b>						<b>368,444,229</b>	410,970,185

1) The Company holds 99.81% of Equity Share capital & 58.62% of Preference Share Capital of LKP Securities Ltd

2) The Company holds 100% of Equity Share capital of Gayatri Cement & Chemical Industries Pvt Ltd.

\*{ Under an agreement between Thomas Cook (India) Ltd (TCIL) and the Company, Class B and Class C Preference Shares of TCIL were to be converted into Equity Shares, which was contested by the parties. The matter was referred to Arbitration. In terms of the Award dated 20th February, 2014, the company is entitled for conversion of Class B and Class C Preference Shares into 51,40,000 Equity Shares of TCIL. As on 31st March, 2014, the conversion has not taken place as certain formalities are to be completed.

**B11. Long Term Loans & Advances**

Particulars	As at 31 March 2013	
Security Deposits	385,000	220,000
Total	<u>385,000</u>	<u>220,000</u>

**B12. Trade Receivables**

Trade receivables outstanding for a period less than six months

Unsecured	3,789,972	542,078
Total	<u>3,789,972</u>	<u>542,078</u>

**B13. Cash and cash equivalents**

## a. Balances with banks

In unpaid dividend accounts	4,770,072	4,401,745
In Current Accounts	29,241,885	2,456,767
In FDRs with Bank - more than 12 months maturity	-	100,000,000
In FDRs with Bank - less than 12 months maturity	203,000,000	153,000,000

## b. Cash on hand

Total	<u>7,484</u>	<u>2,563</u>
	<u>237,019,442</u>	<u>259,861,076</u>

**B14. Short term loans and advances**

Secured. (includes Rs 2,663.94 lacs classified as Sub Standard Assets in respect of which shares held as security Rs 748.63 lacs)	1,048,588,840	1,660,835,708
Unsecured, considered good [including due from Subsidiaries Rs 160,381,513/- (previous year Rs 27,863,434/-)]	440,361,878	425,990,878
Advance Tax net of provision for tax	51,810,722	31,050,004
Total	<u>1,540,761,440</u>	<u>2,117,876,590</u>

**B15. Revenue from Operations**

		Previous Year
Interest Income	242,647,557	301,218,394
Dividend	4,819,822	3,283,041
Profit on sale of shares & securities	92,000,193	60,369,395
Income from F&O	6,334,206	(26,392,197)
Income from Services	6,683,671	7,060,483
Total	<u>352,485,449</u>	<u>345,539,116</u>

**B16. Other Income**

Rent Income	200,000	744,000
Miscellaneous Income	110,359	28,145
Insurance Claim received.	1,481,515	-
Excess Provision for Standard Assets Written back	1,439,268	-
Total	<u>3,231,142</u>	<u>772,145</u>

**B17. Employee Benefits Expenses**

(a) Salaries and allowances	49,597,507	36,035,388
(b) Contribution to Provident fund & ESIC	454,528	526,115
(c) Contribution to LIC Group Gratuity Fund	411,287	236,722
(d) ESOP compensation expenses written off / (written back)	31,912	(1,960,708)
(e) Staff welfare expenses	183,189	416,366
Total	<u>50,678,423</u>	<u>35,253,883</u>

**B18. Other Expenses**

Particulars		Previous Year
Rent, Rates & Taxes	<b>816,142</b>	1,071,456
Repairs - Others	<b>56,327</b>	259,689
Advertisement	<b>58,267</b>	56,659
Directors Fees	<b>115,000</b>	70,000
Travelling & Conveyance	<b>2,942,556</b>	2,342,586
Postage, Telegram & Telephones	<b>557,454</b>	470,985
Legal and Professional Charges	<b>11,730,981</b>	12,830,028
Printing & Stationery	<b>146,584</b>	125,319
Auditors Remuneration :		
Audit fees	<b>300,000</b>	300,000
Tax audit fees	<b>25,000</b>	25,000
Commission Expenses	<b>609,021</b>	1,584,403
Donation	-	25,000
Provision for Diminution in value of investments / (written back)	<b>(3,892,577)</b>	2,419,523
Provision under RBI prudential guidelines.	<b>16,316,155</b>	10,323,268
Miscellaneous Expenses	<b>8,428,131</b>	5,359,448
Total	<b>38,209,040</b>	37,263,364

**Notes to financial statements for the year ended 31st March, 2014**
**C. Notes :**
**1. Contingent Liabilities:**

- Guarantee given to a Bank on behalf of a Subsidiary – Rs 8 crores. (Previous Year Rs 8 crores)
- Claim against the Company not acknowledged as debt Rs. 33.99 Lacs , against which the company has deposited full amount in the Honorable High Court of Mumbai. The matter is pending.
- 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**

		31.03.2014 Rs. in lacs	31.03.2013 Rs. in lacs
a.	Present value of obligation at the beginning of the year	53.94	64.80
b.	Current service cost	4.32	4.54
c.	Interest Cost	3.27	5.18
d.	Benefits paid	(2.15)	(12.72)
e.	Actuarial (Gain)/Loss	3.94	(0.19)
f.	Present value of the obligation at the end of the year	63.32	61.62

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

		Rs. in lacs	31.03.2013 Rs. in lacs
a.	Fair value of Plan Assets at the beginning of the year	63.60	76.27
b.	Expected return on Plan Assets	5.69	6.26
c.	Contributions	4.46	2.13
d.	Benefits paid	(2.15)	(12.72)
e.	Actuarial (Gain)/Loss on Plan Assets	Nil	Nil
f.	Fair value of Plan Assets at the end of the year	71.59	71.94

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

		Rs. in lacs	31.03.2013 Rs. in lacs
a.	Present value of obligation at the end the year	63.32	61.62
b.	Fair value of Plan Assets at the end of the year	71.59	71.94
c.	Excess of Fair value of Plan Assets over present value of obligation	8.27	10.32

**III) Expenses charged to Statement of Profit & Loss.**

		Rs. in lacs	Previous Year Rs. in lacs
a.	Expenses charged to Statement of Profit & Loss Account	5.84	2.37

**3. Managerial Remuneration.**
**a) Remuneration to Executive Chairman Mr M V Doshi.**

	Rs. in lacs
Salary	36.00
Contribution to Provident Fund	0.09
Perquisites	12.25
<b>Total</b>	<b>48.34</b>

**b) Sitting fees to Directors : 1.15**
**4. Particulars with respect to Earnings per share is calculated as follows:**

	Current Year	Previous Year
Profit after Tax ( Rs in lacs )	<b>747.69</b>	674.87
Weighted Average Number of Shares Outstanding	<b>12,222,351</b>	12,343,994
	<b>Rs. Ps.</b>	Rs. Ps.
Earnings per share (Basic)	<b>6.12</b>	5.47
Earnings per share (Diluted)	<b>5.73</b>	5.12
Face Value per Share	<b>10</b>	10

**5. Taxation :**
**A. Tax expenses for the year comprises of :**

i.	Current Tax as per Income Tax Act, 1961.	Rs 145.04 Lacs
	Less : MAT credit adjustment of earlier years	Rs 145.04 Lacs
ii.	Deferred Tax Asset Written off	Rs 1.68 Lacs
iii.	Deferred Tax Liability for the year	Rs 1.32 Lacs
iv.	Excess provision for tax in earlier year written back.	Rs 43.05 lacs
	<b>Total</b>	<b>Rs 40.05 lacs</b>

**B. Income Tax assessments have been completed up to Asst. Year 2011- 2012. There are no demands outstanding.**
**C. Deferred Tax Liability**

	As at 31.03.2014 Rs. in lacs	For the year Rs. in lacs	As at 31.03.2013 Rs. in lacs
Written down value differential	(1.32)	2.99	1.68

**6. As per the Accounting Standard 18, disclosure regarding related parties as defined in the Accounting Standards are given below:**
**(i) List of related parties and relationships.**

Name of the Related Party	Relationship
LKP Securities Ltd.	Subsidiary Company
Gayatri Cement & Chemical Industries Pvt. Ltd.	Subsidiary Company
Peak Plastics Pvt. Ltd.	Director Interested
MKM Share & Stock Brokers Ltd.	Director Interested
Sea Glimpse Investments Pvt. Ltd.	Director Interested
Bhavna Holdings Pvt. Ltd.	Director Interested
Prasu Leasing & Finance Pvt. Ltd.	Director Interested
Prasam Trading And Finance Pvt. Ltd.	Director Interested
M/s. L.K. Panday	Director Interested
Mr. M V Doshi	Key Managerial Personnel

**(ii) Transaction with related parties.**

	Subsidiary Company LKP Securities Ltd	Subsidiary Company Gayatri Cement & Chemical Industries Pvt Ltd	Key Managerial Personnel	Total (Rs. In Lacs)
Rent Income	2.00	---	---	2.00
Interest Expense	472.62	---	---	472.62
Directors Remuneration	---	---	48.34	48.34
Brokerage Paid	17.48	---	---	17.48
Balance due as on 31.03.2014	137.08	1,466.73	---	1,603.81

**7. Expenditure in Foreign Currency**

	Rs. in lacs	Previous year Rs. in lacs
Foreign Travel	NIL	NIL

**8. Prudential Norms of the Reserve bank of India (RBI):**

The Prudential Norms of the RBI require the company to derecognize certain income and make provisions for non-performing assets.

In compliance with Guidelines prescribed by Reserve Bank of India for NBFCs, the company has

- provided 0.25% of Standard Assets amounting to Rs. NIL ( Previous year Rs 21.25 lacs). The Contingent Provision against Standard Assets as on 31.03.2014 is Rs 38.62 lacs (Previous year Rs 53.01 lacs)
  - appropriated 20% of the Net Profits Rs 149.53 lacs ( Previous year Rs 134.97 lacs) to Special Reserve Fund.
  - provided Rs 163.16 lacs ( Previous year Rs 103.23) against Sub Standard Assets under the guidelines.
- Tax Deducted at Source on income: Rs. 178.24 lacs (Previous Year Rs. 183.30 lacs)
  - Short Term Loans and Advance include Rs 6 lacs due from a Director ( Maximum balance Rs Rs 6 lacs) ( Previous year Rs Nil)

11. The company has no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31<sup>st</sup> March, 2014.
12. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31<sup>st</sup> March, 2014
13. Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The company has charged Rs 0.31 lacs to the statement of Profit and loss of the year. 8,12,625 ESOPs are outstanding as on 31<sup>st</sup> March, 2014. None of the options have been exercised so far.
14. During the year the company has entered into Futures & Options contracts on the National Stock Exchange in the Equity Segment and on the Multi Commodity Exchange in the commodity segment. The open position as on 31.03.2014 is Rs 128.42 lacs (Previous Year Rs 459.25 lacs).
15. Balance sheet of a non deposit taking non-banking financial company  
 (As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms {Reserve Bank} Directions, 2007)

**Liabilities Side:**

(Rs. In Lakh)

	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	NIL	NIL
: Unsecured	NIL	NIL
(Other than falling within the meaning of public deposit*)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate Loans and Borrowings	NIL	NIL
(e) Commercial Paper	NIL	NIL
(f) Other Loans (specify Nature)	7,922.64	NIL

**Asset Side**

	Amount Outstanding
(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)	
(a) Secured	10,485.89
(b) Unsecured	4,921.73
(Comprises advance income tax paid, capital advances & miscellaneous dues)	

(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	NIL
(i) Lease assets including lease rentals under sundry debtors	NIL
(a) Financial Lease	NIL
(b) Operating Lease	NIL
(ii) Stock on hire including hire charges under sundry debtors NIL	NIL
(a) Assets on hire	NIL
(b) Repossessed Assets	NIL
(iii) Other loans counting towards AFC activities	NIL
(a) Loans where assets have been repossessed	NIL
(b) Loans other than (a) above	NIL
(4) Break up of Investments:	
Current Investments	
1. Quoted:	
(i) Shares (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others: (a) Certificate of Deposit	NIL
(b) Commercial Paper	NIL
2. Unquoted:	
(i) Shares (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others: (a) Certificate of Deposit	NIL
(b) Commercial Paper	NIL
Long Term Investments	
1. Quoted	
(i) Shares: (a) Equity	634.56
(b) Preference	93.66
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	0.15
(iv) Government Securities	NIL
(v) Others (Please specify)	NIL
2. Unquoted:	
(i) Shares (a) Equity	1256.07
(b) Preference	1700.00
(ii) Debentures and Bonds	NIL

(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
Share warrants	NIL
Total	3684.44

CRAR			
<b>Items</b>		<b>2014</b>	2013
(i)	CRAR %	66.26	48.46
(ii)	CRAR – Tier I capital (%)	66.06	48.27
(iii)	CRAR – Tier II capital (%)	0.20	0.19

(9) Exposures: Exposures to Real Estate Sector : The company has no exposure to the Real Estate Sector.

(10) Asset Liability Management.

Maturity pattern of certain items of assets and liabilities

(Rs. In Crores)

	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>	0.01	0.01	0.01	0.03	14.46	64.71	0	0	79.23
Borrowings from Banks	0	0	0	0	14.40	8.73	0	0	23.13
Market Borrowings	0.01	0.01	0.01	0.03	0.06	55.98	0	0	56.10
<b>Assets</b>	17.29	0	7.24	6.86	14.30	145.11	0	29.43	220.23
Advances	0.22	0	7.24	0.07	8.84	137.70	0	0	154.07
Investments / Stocks	17.07	0	0	6.79	5.46	7.41	0	29.43	66.16

16. Previous Years Figures are regrouped / reclassified wherever necessary.

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 : 9th May, 2014

For and on behalf of the Board

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

**Director**                                      **P. M. Doshi**  
**Director**                                      **M. S. Bhise**

Mumbai  
 Dated : 9th May, 2014



**INDEPENDENT AUDITORS' REPORT****To the Board of Directors of  
LKP Finance Limited**

We have audited the accompanying consolidated financial statements of LKP Finance Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2014, the consolidated statement of profit and loss and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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 state of affairs of the Company as at 31 March 2014;
- b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**For Ford, Rhodes, Parks & Co.**  
**Chartered Accountants**  
**Firm registration number: 102860W**

Place : Mumbai  
Date : 9th May 2014

**A. D. Shenoy**  
**Partner**  
**Membership number: 011549**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	As at 31.03.2013	
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	C- B1	121,980,230	123,439,940
(b) Reserves and surplus	C- B2	1,408,818,908	1,419,536,905
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	C- B3	1,572,092	81,759,238
(b) Long-term provisions	C- B4	9,136,177	9,425,445
<b>3 Current liabilities</b>			
(a) Short-term borrowings	C-B5	1,155,388,336	1,839,910,349
(b) Trade payables	C-B6	519,824,365	404,832,661
(c) Other current liabilities	C-B7	42,619,495	39,355,545
(d) Short-term provisions	C-B8	28,353,695	28,617,190
<b>TOTAL</b>		<b><u>3,287,693,298</u></b>	<b><u>3,946,877,273</u></b>
<b>II. ASSETS :</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>	C-B9		
a. Tangible assets		66,722,799	69,255,097
b. Intangible assets		20,261,323	6,065,584
c. Goodwill on consolidation		69,758,450	69,749,950
(b) Non-current investments	C-B10	96,474,949	135,116,831
(c) Deferred tax asset (net)		27,606,486	13,258,109
(d) Long-term loans and advances	C-B11	71,599,709	78,136,607
(e) Other non current assets		16,497,581	14,547,547
<b>2 Current assets</b>			
(a) Inventories ( Securities)		293,353,772	429,559,957
(b) Trade receivables	C-B12	733,946,230	531,631,992
(c) Cash and cash equivalents	C-B13	399,659,014	442,767,730
(d) Short-term loans and advances	C-B14	1,471,187,562	2,137,549,343
(e) Other Current Assets		20,625,423	19,238,525
<b>TOTAL</b>		<b><u>3,287,693,298</u></b>	<b><u>3,946,877,273</u></b>

Notes forming part of the Consolidated Financial Statement C-A1 to C-C7

**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Note No.	Previous Year	
<b>I. Revenue from operations</b>	C-B15	731,252,280	765,329,955
<b>II. Other income</b>	C-B16	22,680,971	22,127,906
<b>III. Total Revenue (I + II)</b>		<b>753,933,251</b>	<b>787,457,861</b>
<b>IV. Expenses:</b>			
Employee benefits expense	C-B17	236,697,832	199,170,446
Finance costs		219,550,861	234,042,460
Depreciation		17,717,366	17,994,758
Other expenses	C-B18	273,385,567	263,963,122
Provision for standard assets		-	2,125,660
<b>V. Total expenses</b>		<b>747,351,626</b>	<b>717,296,446</b>
<b>VI. Profit Before Tax</b>		<b>6,581,625</b>	<b>70,161,415</b>
<b>VII. Tax expense for the year</b>		<b>(18,653,516)</b>	<b>35,696,765</b>
<b>VIII. Profit After Tax</b>		<b><u>25,235,141</u></b>	<b><u>34,464,650</u></b>
<b>IX. Earnings per equity share:</b>			
(1) Basic		2.06	2.64
(2) Diluted		1.93	2.48

Notes forming part of the Consolidated Financial Statement C-A1 to C-C7

 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 : 9th May, 2014.

 Executive Chairman **M. V. Doshi**  
 Director **V. N. Suchanti**  
 Director **P. M. Doshi**  
 Director **M. S. Bhise**  
 Mumbai  
 Dated : 9th May, 2014

 As per our Report attached  
 For FORD, RHODES, PARKS & CO.  
 Chartered Accountants  
 Firm Registration No.102860W  
 A.D. Shenoy  
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 Executive Chairman **M. V. Doshi**  
 Director **V. N. Suchanti**  
 Director **P. M. Doshi**  
 Director **M. S. Bhise**  
 Mumbai  
 Dated : 9th May, 2014

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	Rs in Lacs	Rs in Lacs	Rs in Lacs	Rs in Lacs
			As at 31.3.2013	
<b>A. Cash Flow From Operating Activities:</b>				
Net Profit/(Loss) before tax and Extraordinary				
Items and Interest.		2,261.33		3,042.04
Adjustments for:				
Depreciation	177.17		179.95	
Diminution in Value of Investment	(38.93)		28.19	
Employee Stock Compensation Expenses	(0.32)		(19.61)	
Profit / Loss on sale of fixed assets	-		(0.63)	
Dividend Received	(49.51)		(34.13)	
Profit on sale of investments			(23.05)	
		88.41		130.72
Operating Profit before Working Capital Changes		2,349.74		3,172.76
Adjustments for working capital changes		7,780.64		(7,038.90)
Cash Generated from operations		10,130.38		(3,866.14)
Interest paid	(2,195.51)		(2,340.42)	
Direct taxes paid	(738.35)	(2,933.86)	(295.01)	(5,274.28)
Net cash from operating activities		7,196.52		(9,140.42)
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets	(295.85)		(125.02)	
Sale of fixed assets	13.19		12.03	
Purchase of Investments	(19.31)		(6.74)	
Sale of Investments	444.65		2,589.93	
Dividend received	49.51		34.13	
Net cash used in investing activities		192.19		2,504.33
<b>C. Cash flow from financing activities</b>				
Increase / ( Decrease ) in borrowings	(7,443.49)		4,764.37	
Buyback of Shares	(92.77)		(447.23)	
Dividend paid	(283.54)		(303.98)	
Net cash used in financing activities		(7,819.80)		4,013.16
Net increase in cash and cash equivalents		(431.09)		(2,622.93)
Cash and cash equivalents. (opening)		4,427.68		4,411.75
Cash and cash equivalents. (closing)		3,996.59		4,427.68

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* **P. M. Doshi**  
*Director* **M. S. Bhise**

A.D. Shenoy

Partner

Membership No 11549

 Mumbai  
 Dated : 9th May, 2014.

 Mumbai  
 Dated : 9th May, 2014

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**
**C-A. SIGNIFICANT ACCOUNTING POLICIES**
**1. Basis of Accounting**

The financial 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, as amended, notified by the Central Government, in terms of section 211 (3C) of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable To a Non Banking Finance Company ('NBFC'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2. Depreciation :**

The Company provides depreciation as under:

- 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.
- On assets acquired and leased: On straight line method at the rates so as to write off the assets over the period of lease.
- Leasehold Improvements : Leasehold improvements are written off over the period of lease.

**3. Principles of Consolidation**

- The consolidated financial statements relate to LKP Finance Ltd ('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 inter-group balances and inter-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) over the Share Capital of its Subsidiaries 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 (0.19% of the Subsidiary's Equity Capital).

**(b) The Subsidiary Companies in the consolidated financial statements are:**

Name of the Company	Country of Incorporation	% of voting power held as at 31st March, 2014
1. LKP Securities Limited	India	99.81
2. Gayatri Cement & Chemical Industries Pvt Ltd	India	100.00

**(c) Other Significant Accounting Policies**

These are set out in the notes to accounts under Statement of Accounting Policies of the financial statements of the Company and Subsidiaries LKP Securities Limited & Gayatri Cement & Chemical Industries Pvt Ltd.

**4. 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.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**
**C-B1. SHARE CAPITAL**

Particulars	Number	Amount	(Rupees)	
			As at 31 March 2013	
			Number	Amount
<b>Authorised</b>				
Redemable Cumulative Preference Shares of Rs 100/- each	1,000,000	100,000,000	1,000,000	100,000,000
Equity Shares of Rs 10/- each	20,000,000	200,000,000	20,000,000	200,000,000
<b>Issued, Subscribed &amp; Paid up</b>				
Redemable Cumulative Preference Shares of Rs 100/- each	-	-	-	-
Equity Shares of Rs 10/- each	12,198,023	121,980,230	12,343,994	123,439,940
<b>Total</b>	<b>12,198,023</b>	<b>121,980,230</b>	<b>12,343,994</b>	<b>123,439,940</b>

1) The Equity Shares are listed on the BSE Ltd

Particulars	Equity Shares	
	Number	Rupees
Shares outstanding at the beginning of the year	12,343,994	123,439,940
Shares Issued during the year	-	-
Shares bought back during the year	145,971	1,459,710
Shares outstanding at the end of the year	12,198,023	121,980,230

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr Mahendra V Doshi	4,382,886	35.93	4,482,886	36.32
Prasu Leasing & Finance Pvt Ltd	1,777,700	14.57	1,777,700	14.40
Agrud Capital Pte Ltd	727,489	5.96	727,489	5.89
India Max Investment Fund Ltd	818,508	6.71	980,585	7.94

Particulars	Year (Aggregate No. of Shares)				
	2013-2014	2012-2013	2011-2012	2010-11	2009-10
<b>Equity Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	145,971	733,495	-	361,263	88,737

**C-B2. RESERVES AND SURPLUS**

Particulars	(Rupees)	
	As at 31 March 2013	
<b>A. Break up of Reserves and movements thereon</b>		
<b>a. Capital Reserves- Share Warrants moneys forfeited</b>		
Opening Balance	19,400,000	19,400,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	19,400,000	19,400,000
<b>b. Capital Redemption Reserve on account of buyback of Equity shares</b>		
Opening Balance	11,834,950	4,500,000
(+) Current Year Transfer	1,459,710	7,334,950
(-) Written Back in Current Year	-	-
Closing Balance	13,294,660	11,834,950
<b>c. Securities Premium Account</b>		
Balance as per last balance sheet	237,687,075	275,075,267
Less : Amount paid in excess of face value of buyback	7,816,826	37,388,192
Closing Balance	229,870,249	237,687,075
<b>d. Special Reserve Fund- As per RBI guidelines for NBFCs</b>		
Opening Balance	284,717,606	271,220,050
(+) Current Year Transfer	14,953,889	13,497,556
(-) Written Back in Current Year	-	-
Closing Balance	299,671,495	284,717,606
<b>e. General Reserve</b>		
Opening Balance	641,098,768	634,098,768
(+) Current Year Transfer	10,000,000	7,000,000
(-) Written Back in Current Year	-	-
Closing Balance	651,098,768	641,098,768
<b>f. Employees Stock Options (ESOPs)</b>		
Opening Balance	6,692,785	6,692,785
(+) Current Year Transfer	-	-
(-) Deferred Employees Compensation	4,945,583	4,977,495
(-) Written Back in Current Year	-	-
Closing Balance	1,747,202	1,715,290
<b>B. Surplus</b>		
Opening balance	223,083,216	245,068,262
(+) Net Profit for the year	25,235,060	34,464,650
(-) Transfer to Capital Redemption Reserve	1,459,710	7,334,950
(-) Transfer to Special Reserve Fund	14,953,889	13,497,556
(-) Transfer to General Reserve	10,000,000	7,000,000
(-) Proposed Dividend	24,396,046	24,622,762
(-) Tax on Proposed Dividend	3,957,649	3,994,428
(+) Excess Dividend and Tax Previous Year	185,552	-
Closing Balance	193,736,534	223,083,216
<b>Total</b>	<b>1,408,818,908</b>	<b>1,419,536,905</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**
**C- B3. LONG TERM BORROWINGS**

Particulars	(Rupees)		Particulars	(Rupees)	
	As at 31 March 2013	As at 31 March 2013		As at 31 March 2013	As at 31 March 2013
<b>Secured</b>			<b>(c) Vehicle Loans</b>		
From banks	-	78,655,882	(Secured by hypothecation of vehicle)	913,747	1,631,647
(Secured by pledge of Fixed Deposit Receipts)			<b>Unsecured</b>		
Other Loans	1,572,092	3,103,356	Others	1,650,000	1,650,000
(Secured by hypothecation of vehicle)			<b>Total</b>	<b>1,155,388,336</b>	<b>1,839,910,349</b>
<b>Total</b>	<b>1,572,092</b>	<b>3,103,356</b>			

**C-B4. LONG TERM PROVISIONS**

Contingent Provision against standard assets	3,862,341	5,301,609
Provision for Gratuity	5,273,836	4,123,836
<b>TOTAL</b>	<b>9,136,177</b>	<b>9,425,445</b>

**C-B5. SHORT TERM BORROWINGS**

<b>Secured</b>		
<b>(a) From banks</b>		
(Secured By pledge of Fixed Deposit Receipts and Securities)	231,280,511	360,170,642
(Secured By hypothecation of Debtors and pledge of FDR's & personal guarantee of Mr M V Doshi)	362,133,041	500,605,912
<b>(b) Loans from Corporates</b>		
(Secured by pledge of own and third party securities)	168,998,274	975,852,148
<b>Unsecured</b>	<b>390,412,763</b>	<b>-</b>

**C-B6. TRADE PAYABLES**

Trade Payables:		
Sundry Creditors	519,824,365	404,832,661
<b>Total</b>	<b>519,824,365</b>	<b>404,832,661</b>

**C- B7 OTHER CURRENT LIABILITIES**

(a) Statutory Dues	16,134,647	10,984,884
(b) Unpaid dividends	4,770,072	4,401,745
(c) Other payables	21,714,776	23,968,916
<b>Total</b>	<b>42,619,495</b>	<b>39,355,545</b>

**C- B8. SHORT TERM PROVISIONS**

Proposed Dividend & Tax	24,396,046	24,622,762
Dividend Distribution Tax on above	3,957,649	3,994,428
<b>Total</b>	<b>28,353,695</b>	<b>28,617,190</b>

**C- B9 FIXED ASSETS**

(Rupees)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1 April 2013	Additions/ Deductions	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	On Disposals	Balance as at 31 March 2014	Balance as at 31 March 2013
<b>a. Tangible Assets</b>								
Buildings	17,758,523	-	17,758,523	13,760,882	273,900	-	14,034,782	3,723,741
Furniture and Fixtures	39,124,954	1,275,612	40,400,566	28,265,859	2,115,828	51,228	30,330,459	10,070,107
Vehicles	21,122,850	2,806,202	23,929,052	9,596,622	3,135,653	-	12,732,275	11,196,777
Office equipment	120,253,860	2,985,641	123,239,501	87,831,855	6,664,888	1,063,028	93,433,715	29,805,786
Leasehold Improvements	14,879,124	3,255,599	18,134,723	4,428,996	1,779,339	-	6,208,335	11,926,388
<b>Total</b>	<b>213,139,311</b>	<b>10,323,054</b>	<b>223,462,365</b>	<b>143,884,214</b>	<b>13,969,608</b>	<b>1,114,256</b>	<b>156,739,566</b>	<b>66,722,799</b>
<b>b. Intangible Assets</b>								
Goodwill	-	17,125,795	17,125,795	-	1,141,720	-	1,141,720	15,984,075
Computer software	40,928,592	817,701	41,746,293	34,863,007	2,606,038	-	37,469,045	4,277,248
	40,928,592	17,943,496	58,872,088	34,863,007	3,747,758	-	38,610,765	20,261,323

Note : Cost of Building includes cost of shares of Rs 500/- in Embassy Center Premises Co-operative Society Ltd.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**
**C-B10. NON CURRENT INVESTMENTS**

Particulars	(Rupees)	
	As at 31 March 2013	
<b>Investments (Refer A below)</b>		
(a) Investment in Properties -- Office Premises	-	-
(b) Investment in Equity instruments	87,399,163	129,933,619
(c) Investments in preference shares	9,365,954	9,365,954
(d) Investments in debentures or bonds	-	-
(e) Investments in Mutual Funds	1,014,735	1,014,735
<b>Total</b>	<b>97,779,852</b>	<b>140,314,308</b>
Less : Provision for diminution in the value of quoted Investments	<b>(1,304,903)</b>	<b>(5,197,477)</b>
<b>Total</b>	<b>96,474,949</b>	<b>135,116,831</b>

**Note :**

Aggregate amount of quoted investments Rs 90,515,322/- Market value Rs 89,210,419/-

Aggregate amount of unquoted investments Rs 5,959,627/-

Details of Investments in Securities								
Sr. No.	Name of the Body Corporate	Subsidiary / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	(Rupees)	
			As at 31 March 2014	As at 31 March 2013			As at 31 March 2014	As at 31 March 2013
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(10)	(11)
<b>(a)</b>	<b>Investment in Equity Instruments</b>							
	Tata Motors Ltd	Others	40	40	Quoted	Fully Paid	3,061	3,061
	Maharashtra Polybutane Ltd	Others	300,000	300,000	Quoted	Fully Paid	666,189	666,189
	JSW Steel Ltd	Others	47	47	Quoted	Fully Paid	1,280	1,280
	D S Kulkarni Developers Ltd	Others	732	732	Quoted	Fully Paid	71,520	71,520
	NHPC Ltd	Others	131,910	131,910	Quoted	Fully Paid	3,050,198	3,050,198
	Reliance Broadcast Network Ltd	Others	0	700,000	Quoted	Fully Paid	0	44,389,127
	Mercator Lines Limited	Others	1,341,942	1,271,000	Quoted	Fully Paid	35,057,251	33,700,320
	City Union Bank Limited	Others	35,043	200,000	Quoted	Fully Paid	1,524,208	1,524,208
	City Union Bank Limited- Rights	Others	57,374	57,374	Quoted	Partly Paid	1,147,480	573,740
	Manganese Ore India Limited	Others	3,406	3,406	Quoted	Fully Paid	1,277,250	1,277,250
	South Indian Bank Limited	Others	1,000,000	1,000,000	Quoted	Fully Paid	20,647,019	20,647,019
	Thomas Cook (India) Ltd	Others	440	440	Quoted	Fully Paid	18,474	18,474
	Gold Crest Finance (I) Ltd.	Others	10000	10000	Quoted	Fully Paid	100,000	100,000
	Infra Industries Ltd.	Others	149000	149000	Quoted	Fully Paid	4,470,000	4,470,000
	Axis IT & T Ltd.	Others	500	500	Quoted	Fully Paid	40,500	40,500
	ONGC Ltd.	Others	72	72	Quoted	Fully Paid	36,000	36,000
	Roopa Industries Ltd.	Others	8900	8900	Quoted	Fully Paid	89,000	89,000
	TCI Finance Ltd.	Others	8300	8300	Quoted	Fully Paid	249,000	249,000
	Geodesic Information Systems Ltd.	Others	6792	6792	Quoted	Fully Paid	1,199,920	1,199,920
	Reliance Power Ltd.	Others	17440	17440	Quoted	Fully Paid	6,481,117	6,481,117
	East India Hotels	Others	37000	37000	Quoted	Fully Paid	3,072,290	3,072,290
	TV 18	Others	5000	5000	Quoted	Fully Paid	100,000	100,000
	Everlon Synthetics Ltd	Others	14,000	14,000	Quoted	Fully Paid	140,000	140,000
	Asian Electronics	Others	10,000	10,000	Quoted	Fully Paid	265,900	265,900
	Credit Capital Venture Ltd	Others	1,000	1,000	Quoted	Fully Paid	49,043	49,043
	D B Reality Ltd	Others	1,500	1,500	Quoted	Fully Paid	236,222	236,222
	Eros Media Ltd	Others	500	500	Quoted	Fully Paid	99,884	99,884
	IDBI Ltd	Others	1,500	1,500	Quoted	Fully Paid	244,005	244,005
	Idea Cellular Ltd	Others	1,500	1,500	Quoted	Fully Paid	200,475	200,475
	Indus Network Ltd	Others	2,300	2,300	Quoted	Fully Paid	59,320	59,320
	Ispat Industries Ltd	Others	8,000	8,000	Quoted	Fully Paid	567,318	567,318
	Kingfisher Airlines Ltd	Others	5,600	5,600	Quoted	Fully Paid	271,963	271,963
	MRPL	Others	7,000	7,000	Quoted	Fully Paid	385,199	385,199
	Power Grid Corporation Ltd	Others	1,500	1,500	Quoted	Fully Paid	214,050	214,050
	Sanghi Polyester Ltd	Others	10,000	10,000	Quoted	Fully Paid	124,484	124,484
	Srei Infrastructure Finance Ltd	Others	500	500	Quoted	Fully Paid	43,408	43,408
	Yes Bank Ltd	Others	700	700	Quoted	Fully Paid	199,912	199,912
	Edelweiss	Others	1,000	1,000	Quoted	Fully Paid	36,596	36,596
	MKM Shares & Stock Brokers Ltd	Others	2000	2000	Unquoted	Fully Paid	6,200	6,200
	Seaglimpse Investments Pvt Ltd	Others	490	490	Unquoted	Fully Paid	49,000	49,000
	Dean Finance & Investments Pvt Ltd	Others	4900	4900	Unquoted	Fully Paid	49,000	49,000
	Peak Plastics Pvt Ltd	Others	490	490	Unquoted	Fully Paid	49,000	49,000
	The Saraswat Co-op Bank Ltd.	Others	1,005	1,005	Unquoted	Fully Paid	10,050	10,050
	The Hindustan Times Ltd.	Others	5,600	5,600	Unquoted	Fully Paid	1,256,500	1,256,500
	LKP Holdings Pvt Ltd	Others	0	7,600	Unquoted	Fully Paid	0	76,000
	Gobind Sugar Ltd.	Others	11200	11200	Unquoted	Fully Paid	1,785,000	1,785,000
	Bombay Stock Exchange Ltd.	Others	11401	11401	Unquoted	Fully Paid	1,754,877	1,754,877
<b>(b)</b>	<b>Investments in Mutual Funds</b>							
	BenchMark Mutual Fund.	Others	147,342	147,342	Quoted	Fully Paid	14,735	14,735
	LIC Mutual Fund	Others	100,000	100,000		Fully Paid	1,000,000	1,000,000
	<b>Total</b>						<b>88,413,898</b>	<b>130,948,354</b>

Under an agreement between Thomas Cook (India) Ltd (TCIL) and the Company, Class B and Class C Preference Shares of TCIL were to be converted into Equity Shares, which was contested by the parties. The matter was referred to Arbitration. In terms of the Award dated 20th February, 2014, the company is entitled for conversion of Class B and Class C Preference Shares into 51,40,000 Equity Shares of TCIL. As on 31st March, 2014, the conversion has not taken place as certain formalities are to be completed.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**
**C- B11 LONG TERM LOANS AND ADVANCES**

Particulars	(Rupees)	
	As at 31 March, 2013	
Security Deposit	71,599,709	78,136,607
<b>Total</b>	<b>71,599,709</b>	<b>78,136,607</b>

**C-B12. TRADE RECEIVABLES**

Trade receivables outstanding for a period less than six months

Unsecured.	733,946,230	531,631,992
<b>Total</b>	<b>733,946,230</b>	<b>531,631,992</b>

**C-B13. CASH AND CASH EQUIVALENTS**

a. Balances with banks		
In unpaid dividend accounts	4,770,072	4,401,745
In Current Accounts	61,017,596	55,882,920
In FDRs with Bank - more than 12 months maturity	8,072,340	125,400,000
In FDRs with Bank - less than 12 months maturity	325,731,892	256,957,601
b. Cash on hand	67,114	125,464
<b>Total</b>	<b>399,659,014</b>	<b>442,767,730</b>

**C-B14 SHORT TERM LOANS AND ADVANCES**

Secured.(includes Rs 2,663.94 lacs classified as Sub Standard Assets in respect of which shares held as security Rs 748.63 lacs)	1,048,588,840	1,660,835,708
Unsecured,considered good.	330,105,519	415,378,307
Advance Tax net of provision for tax	92,493,203	61,335,328
<b>Total</b>	<b>1,471,187,562</b>	<b>2,137,549,343</b>

**B15. REVENUE FROM OPERATION**

Particulars	Previous Year	
Interest Income	242,647,557	301,218,394
Dividend	4,951,013	3,412,743
Brokerage / Commission / Charges	366,990,583	417,221,995
Profit on sale of shares & securities	103,763,394	62,799,463
Income from F&O	6,216,062	(26,383,124)
Income from Services	6,683,671	7,060,483
<b>Total</b>	<b>731,252,280</b>	<b>765,329,954</b>

**C-B16. OTHER INCOME**

Particulars	(Rupees)	
	Previous Year	
Interest	12,199,206	18,480,244
Insurance Claim Received	1,481,515	-
Excess Provision for Standard Assets Written back	1,439,268	-
Miscellaneous Income	7,560,982	3,584,545
<b>Total</b>	<b>22,680,971</b>	<b>22,064,789</b>

**C-B17 EMPLOYEE BENEFITS EXPENSE**

(a) Salaries and allowances	222,798,971	189,475,928
(b) "Contribution to Provident fund & ESIC"	5,208,157	4,974,861
(c) Contribution to LIC Group Gratuity Fund	5,023,305	3,614,770
(d) ESOP compensation expenses w/off	31,912	(1,960,708)
(e) Staff welfare expenses	3,635,487	3,065,595
<b>Total</b>	<b>236,697,832</b>	<b>199,170,446</b>

**C-B18 OTHER EXPENSES**

Rent, Rates & Taxes	28,215,948	26,353,009
Repairs - Others	3,965,919	4,199,994
Advertisement	662,398	261,196
Directors Fees	115,000	70,000
Travelling & Conveyance	8,321,404	8,214,458
Postage, Telegram & Telephones	18,240,877	17,529,204
Legal and Professional Charges	22,291,671	19,660,124
Printing & Stationery	1,870,645	5,162,474
Auditors Remuneration :		
Audit fees	570,754	516,854
Tax audit fees	45,000	45,000
Commission Expenses	123,810,376	-
Electricity Expenses	7,945,574	6,341,153
Subscription & Membership	4,995,152	2,525,654
Computer Expenses	4,170,000	5,115,729
Donation	-	40,000
Provision for Diminution in value of investments	(3,892,577)	2,819,432
Provision for Sub Standard assets	16,316,155	10,323,268
Provision for Doubtful Debts	14,000,000	-
Miscellaneous Expenses	21,741,271	154,785,573
<b>Total</b>	<b>273,385,567</b>	<b>263,963,122</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**
**C. NOTES :**

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

	2013-14	2012-13
Profit after Taxation (Rupees in Lacs)	252.35	344.65
Weighted Average Number of Shares Outstanding	1,22,22,351	1,23,44,997
	<b>Rs. Ps.</b>	<b>Rs. Ps.</b>
Earnings per shares (Basic)	2.06	2.64
Earnings per shares (Diluted)	1.93	2.48
Face Value of Share	10	10

2) As per the Accounting Standard 18, disclosure regarding related parties as defined in the Accounting Standards are given below :

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

(Relationship : Subsidiary Company, Director Interested, Key Managerial Personnel)

<u>Name of the Related Party</u>	<u>Relationship</u>
LKP Securities Ltd.	Subsidiary Company
Gayatri Cement & Chemical Industries Pvt Ltd	Subsidiary Company
Peak Plastonics Pvt. Ltd.	Director Interested
MKM Share & Stock Brokers Ltd.	Director Interested
Sea Glimpse Investments Pvt. Ltd.	Director Interested
Bhavna Holdings Pvt. Ltd.	Director Interested
Prasu Leasing & Finance Pvt Ltd	Director Interested
Prasam Trading And Finance Pvt Ltd	Director Interested
M/s. L.K. Panday	Director Interested
Mr. M V Doshi	Key Managerial Personnel

(ii) Transaction with related parties.

	Subsidiary Company LKP Securities Ltd	Subsidiary Company Gayatri Cement & Chemical Industries Pvt Ltd	Key Managerial Personnel	Total (Rs. In Lacs)
Rent Income	2.00	---	---	2.00
Interest Expense	472.62	---	---	472.62
Directors Remuneration	---	---	48.34	48.34
Brokerage Paid	17.48	---	---	17.48
Balance due as on 31.03.2014	137.08	1,466.73	---	1,603.81

 3) Details of the subsidiaries are given in aggregate as per the General Circular No 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011 issued by the Government of India, Ministry of Corporate Affairs, New Delhi, (Rs in lacs) :

Capital (including Pref Shares)	3445.82
Reserves & Surplus	(512.06)
Total Assets	8364.07
Total Liabilities	8364.07
Investments	223.71
Turnover	3982.16
Loss before taxation	( 641.82)
Provision for taxation	(146.49)
Loss after taxation	(495.34)
Proposed Dividend	Nil

**4) Contingent Liabilities:**

- Guarantee given to Banks – Rs 29.35 crores. (Previous Year Rs 29.35 crores)
  - Claim against the Company not acknowledged as debt Rs. 33.99 Lacs, against which the company has deposited full amount in the Honorable High Court of Mumbai. The matter is pending.
- 5) In compliance with Guidelines prescribed by Reserve Bank of India for NBFCs, the company has
- provided 0.25% of Standard Assets amounting to Rs. NIL ( Previous year Rs 21.25 lacs). The Contingent Provision against Standard Asset as on 31.03.2014 is Rs 38.62 lacs ( Previous year Rs 53.01 lacs)
  - appropriated 20% of the Net Profits Rs 149.53 lacs ( Previous year Rs 134.97 lacs) to Special Reserve Fund.
  - provided Rs 163.16 lacs ( Previous year Rs 103.23) against Sub Standard Assets under the guidelines.
- 6) During the year the company has entered into Futures & Options contracts on the National Stock Exchange in the Equity Segment and on the Multi Commodity Exchange in the commodity segment. The open position as on 31.03.2014 is Rs 128.42 lacs (Previous Year Rs 459.25 lacs).
- 7) Previous Years Figures are regrouped / reclassified wherever necessary.



**PROXY FORM**



**LKP FINANCE LIMITED**

(CIN:L65990MH1984PLC032831)

Regd. Office : 203, Embassy Centre, Nariman Point, Mumbai – 400021.

Email: lkpfininvestor.relations@lkpsec.com, Website : www.lkpsec.com; Phone: 022-40024785, Fax: 022-22874787

Name of the member (s):
Registered address:
E-mail Id:
Folio / DP ID-Client ID No.

I/We being the member(s) of \_\_\_\_\_ shares of the above named Company hereby appoint:

(1) Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

(2) Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

(4) Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Tuesday, 10th June, 2014 at 11.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai – 400001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	Optional *	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March 2014		
2.	Approval of final dividend for the year ended 31 <sup>st</sup> March 2014		
3.	Re-appointment of Mr. Hariharan Padmanabhan who retires by rotation.		
4.	Appointment of M/s Ford, Rhodes, Park & Co. Chartered Accountants as Auditors and fixing their remuneration.		
<b>Special Business</b>			
5.	Appointment of Mr. Milan S. Bhise as an Independent Director		
6.	Appointment of Mr. Vineet N. Schanti as an Independent Director		
7.	Special Resolution for Reappointment and Remuneration of Mr. M. V. Doshi- Executive Chairman		
8.	Special Resolution for Appointment of Mr. Pratik M. Doshi as Whole-time Director in Subsidiary Company		
9.	Special Resolution under Section 180 (1)(c) of the Companies Act, 2013 for borrowing.		

Signed this..... Day of..... 2014

Signature of shareholder.....

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 30<sup>th</sup> Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

Affix 1 Re. Revenue Stamp
---------------------------------



**LKP FINANCE LIMITED**

(CIN:L65990MH1984PLC032831)

Regd. Office : 203, Embassy Centre, Nariman Point, Mumbai – 400021.

Email: lkpfininvestor.relations@lkpsec.com, Website : www.lkpsec.com; Phone: 022-40024785, Fax: 022-22874787

**ATTENDANCE SLIP**

**30<sup>th</sup> Annual General Meeting on Tuesday, 10<sup>th</sup> June 2014**

Folio No. / DP/ID NO.....

No. of Shares held:.....

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 30<sup>th</sup> 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 Tuesday, 10<sup>th</sup> June, 2014

.....  
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.





*If undelivered, please return to :*

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



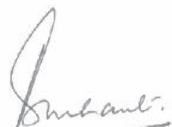




# LKP Finance Ltd.

112-A / 203, EMBASSY CENTRE, NARIMAN POINT, MUMBAI - 400 021.

TEL.: 4002 47 85 / 86 • FAX : 2287 47 87

## FORM A

1.	Name of the company	LKP Finance Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N. A.
5.	be signed by-	<p style="text-align: center;"><b>For LKP Finance Limited</b></p> <p style="text-align: center;"> <b>Mahendra V. Doshi</b> Executive Chairman</p> <p style="text-align: center;"> <b>S. S. Gulati</b> Head Corporate Affairs</p> <p style="text-align: center;"> <b>Vineet N. Suchanti</b> Audit Committee Chairman</p> <p style="text-align: center;"><b>For Ford, Rhodes, Parks &amp; Co</b></p> <p style="text-align: center;"> <b>A. D. Shenoy</b> Partner M. N. 011549 Auditor of the company</p> <p style="text-align: center;"></p>