



**AUDITORS REPORT TO THE MEMBERS OF LKP FINANCE LIMITED**

We have audited the attached Balance Sheet of LKP Finance Limited (formerly known as LKP Merchant Financing Limited) as at 31<sup>st</sup> March 2010 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors Report) Order, 2003 (as amended), issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 (the Act) and on the basis of such checks, as we considered appropriate, we give in Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in paragraph 1 above:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of accounts as required by law have been kept by the company so far, as appears from our examination of the books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

- d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by the report are in compliance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors of the Company, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of the sub-section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us the accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March 2010.
    - (b) In the case of the Profit and Loss Account of the profit for the year ended on that date.
    - (c) In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

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

Mumbai  
Date: 28th April, 2010.

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



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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. As explained to us no discrepancies were noticed on such verification.
- (c) During the year the company has not disposed off any substantial part of its fixed assets so as to affect the going concern.
2. The company does not have any stock of raw materials, stores, spare parts, finished goods and therefore clause ii (a), (b), (c) (of the Order) are not applicable.
3. The company has neither taken nor granted any loans, secured or unsecured from Companies, firms or any other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for services provided. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control procedures.
5. (a) On the basis of our examination of the books of account and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered in the said register.
- (b) In our opinion and according to the information and explanations given to us there are no transactions aggregating in value during the year to more than Rs. 5 lacs.
6. The company has not accepted any deposits from the public within the meaning of the provision of Section 58A and 58AA of the Act.
7. The company has no Internal Auditor however the Company's internal control procedures, which, in our opinion, are commensurate with its size and nature of its business.
8. The Company is a Loan and Investment Company hence clause (viii) of the Order is not applicable.
9. (a) According to the information and explanations given to us by the Management and on the basis of the examination of the books of account carried out by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, and other statutory dues with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us by the Management and the records of the company examined by us there were disputes with Income Tax Authorities which are listed below. However there are no demands pending in the said cases:

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

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

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

Mumbai  
Date: 28th April, 2010.

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

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

	Schedule	Rupees	Rupees	As at 31-3-2009 Rupees
<b>I SOURCES OF FUNDS :</b>				
<b>1. Shareholders Funds</b>				
a. Share Capital	1	130,774,890		127,112,630
b. Share Warrants.		-		19,400,000
b. Reserves and Surplus	2	1,255,312,758		1,095,632,321
			<b>1,386,087,648</b>	1,242,144,951
<b>2. Loan Funds</b>				
Secured Loans	3	173,290,744		
			<b>173,290,744</b>	532,363,803
TOTAL			<b>1,559,378,392</b>	1,774,508,753
<b>II APPLICATION OF FUNDS :</b>				
<b>1. Fixed Assets</b>				
a. Gross Block	4	55,354,054		584,712,000
b. Less : Depreciation / Amortisation		44,188,239		569,115,000
c. Net Block			<b>11,165,815</b>	15,597,000
<b>2. Defferred Tax Asset</b>				
			<b>47,297,000</b>	30,104,000
<b>3. Investments</b>				
	5		<b>735,219,853</b>	628,872,988
<b>4. Current Assets, Loans &amp; Advances</b>				
a. Stock on hand	6	118,730,949		109,964,982
b. Sundry Debtors	7	984,537		2,748,864
c. Cash & Bank Balances	8	376,905,527		750,211,183
d. Loans & Advances	9	691,609,500		652,976,174
			<b>1,188,230,513</b>	1,515,901,202
<b>Less : Current Liabilities and Provisions</b>				
a. Liabilities	10	84,737,016		116,167,927
b. Provisions	11	337,797,773		299,798,510
			<b>422,534,789</b>	415,966,437
Net Current Assets			<b>765,695,724</b>	1,099,934,766
TOTAL			<b>1,559,378,392</b>	1,774,508,754
ACCOUNTING POLICIES	15			
NOTES TO THE ACCOUNTS	16			
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE	17			
SCHEDULES 1 TO 17 ANNEXED HERETO FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT				

As per our Report attached.

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

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

Mumbai  
Dated : 28th April, 2010

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

Mumbai  
Dated : 28th April, 2010

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

	Schedule	Rupees	Rupees	Previous Year Rupees
<b>INCOME :</b>				
Net Income from Operations			<b>317,654,384</b>	1,021,141,520
Other Income	12		<b>43,570,990</b>	7,201,335
			<b>361,225,374</b>	1,028,342,855
<b>EXPENDITURE :</b>				
Establishment Charges	13	<b>29,166,559</b>		25,498,263
Administrative and other expenses	14	<b>59,171,204</b>		40,976,081
			<b>88,337,763</b>	66,474,344
			<b>272,887,611</b>	961,868,511
Interest and Finance charges.		<b>62,318,168</b>		33,419,567
Depreciation.		<b>598,728</b>		1,694,000
			<b>62,916,896</b>	926,754,943
AMORTISATION OF TRADE MARK		-		2,000,000
TRANSFER FROM TRADE MARK RESERVE		-		2,000,000
<b>Operating Profit / (Loss)</b>			<b>209,970,715</b>	926,754,943
<b>PROFIT/(LOSS) BEFORE TAXATION</b>			<b>209,970,715</b>	926,754,943
<b>PROVISION FOR TAXATION-CURRENT</b>			<b>35,000,000</b>	102,500,000
<b>PROVISION FOR DEFERRED TAX NET</b>			<b>(17,193,000)</b>	(30,104,000)
<b>PROVISION FOR FRINGE BENEFIT TAX</b>			-	236,000
<b>PROFIT AFTER TAXATION</b>			<b>192,163,715</b>	854,122,943
<b>EXCESS DIVIDEND AND TAX ADDED BACK</b>			<b>1,693,734</b>	-
<b>PROFIT / (LOSS) BROUGHT FORWARD FROM LAST YEAR</b>			<b>313,398,778</b>	64,264,000
<b>AMOUNT AVAILABLE FOR APPROPRIATION :</b>			<b>507,256,227</b>	918,386,943
<b>APPROPRIATION:</b>				
<b>TRANSFERRED TO GENERAL RESERVE</b>			<b>20,000,000</b>	500,000,000
<b>CAPITAL REDEMPTION RESERVE ACCOUNT</b>			<b>3,612,630</b>	887,370
<b>SPECIAL RESERVE FUND</b>			<b>209,257,350</b>	-
<b>PROPOSED DIVIDEND</b>			<b>91,542,423</b>	88,978,841
<b>TAX ON PROPOSED DIVIDEND</b>			<b>15,557,635</b>	15,121,954
<b>PROFIT CARRIED TO BALANCE SHEET</b>			<b>167,286,190</b>	313,398,778
<b>EARNINGS PER SHARE BASIC (Note 7 on Schedule 16)</b>			<b>14.69</b>	67.19
<b>EARNINGS PER SHARE DILUTED (Note 7 on Schedule 16)</b>			<b>14.69</b>	62.29
ACCOUNTING POLICIES	15			
NOTES TO THE ACCOUNTS	16			
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE	17			
SCHEDULES 1 TO 17 ANNEXED HERETO FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT				

As per our Report attached.

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

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

Mumbai  
Dated : 28th April, 2010

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

Mumbai  
Dated : 28th April, 2010

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

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



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

**SCHEDULE 4 - FIXED ASSETS**

**Rupees**

Description of Assets	Gross Block (At Cost)			Depreciation				Net Block		
	As at 1st April 2009	Additions	Deductions	As at 31st March, 2010	As at 31st March, 2009	Depreciation for the year	Deductions for the year	As at 31st March, 2010	As at 31st March, 2009	
Office Premises	13,849,000		6,800,745	<b>7,048,255</b>	6,620,000	<b>1,408</b>	<b>2,947,299</b>	3,674,109	<b>3,374,146</b>	7,229,000
Premises	10,621,000			<b>10,621,000</b>	4,396,000	<b>279,084</b>		4,675,084	<b>5,945,916</b>	6,225,000
Furniture & Fixtures	14,344,299			<b>14,344,299</b>	14,215,000	<b>43,297</b>		14,258,297	<b>86,002</b>	129,000
Air Conditioners	2,494,127			<b>2,494,127</b>	2,392,000	<b>14,138</b>		2,406,138	<b>87,989</b>	105,000
Office Equipment's	20,046,000	23,825		<b>20,069,825</b>	18,849,000	<b>161,798</b>		19,010,798	<b>1,059,027</b>	1,197,000
Vehicle	776,548			<b>776,548</b>	64,810	<b>99,003</b>		163,813	<b>612,735</b>	711,737
Grand Total	62,130,974	23,825	6,800,745	<b>55,354,054</b>	46,536,810	<b>598,728</b>	<b>2,947,299</b>	44,188,239	<b>11,165,815</b>	15,596,737
Previous Year	607,560,000	777,000	23,625,000	<b>584,712,000</b>				569,115,000	<b>15,597,000</b>	

**Notes :**

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

**SCHEDULE 5 - INVESTMENTS (at Cost)**

As at 31-3-2009

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

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

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

**SCHEDULE 7 - SUNDRY DEBTORS**

(Unsecured, Considered Good)

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

**SCHEDULE 8 - CASH AND BANK BALANCES**

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

**SCHEDULE 9 - LOANS & ADVANCES**

(Considered Good)

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

**SCHEDULE 10 - LIABILITIES**

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

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

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

**SCHEDULE 12 - OTHER INCOME**

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

**SCHEDULE 13 - ESTABLISHMENT CHARGES**

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

**SCHEDULE 14 - ADMINISTRATIVE EXPENSES**

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





**SCHEDULE – 15 SIGNIFICANT ACCOUNTING POLICIES**

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

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

- 8 Short Term Employee Benefits: (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered.

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

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

Contribution to Central Government Employees State Insurance Scheme for eligible employees is recognized as charge for the year

- 9 a. Contingent Liabilities are disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.  
b. Contingent Assets are neither recognized nor disclosed.

**SCHEDULE 16 - NOTES TO THE ACCOUNTS:**

1. Contingent Liabilities:
  - a) Guarantee given to a Bank -- Rs 5.00 crores.(Previous Year Rs 5.00 crores)
  - b) Claim against the Company not acknowledged as Debt Rs 33.99 lacs (full amount deposited in the Mumbai High Court) (Previous Year Rs 33.99 lacs)
2. On 25<sup>th</sup> February 2008 the Company had issued 10,00,000 Share Warrants to the Promoters at a price of Rs 194 per warrant and received 10% of the issue price (i.e Rs 19.40 per Warrant). The option of conversion of warrants into Equity Shares was to be exercised within a period of 18 months from the date of issue of these warrants. As the warrants holders have not exercised their option for conversion within 18 months period the amounts received towards these share warrants were forfeited during the year and transferred to Capital Reserve.
3. The company after obtaining shareholders approval announced buy back of its Equity Shares (pursuant to the provisions of the Companies Act, 1956 (Act) and in compliance of the Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998) on 10<sup>th</sup> February, 2009. The shareholders approved a buy back for a maximum amount of Rs 945 lacs and a maximum price of Rs 90/- per equity share. The scheme was operative upto July 2009. The company bought back 3,61,263 Shares during April / July 2009 and the total shares purchased during the full period (i.e. February 2009 to July 2009) were 4,50,000 Equity Shares. These equity shares have been extinguished. The company expended Rs 301.63 lacs for purchase of 3,61,263 equity shares (at an average price of Rs 83.35 per share (previous year 88,737 shares at an average price of Rs 54.67 per share). The excess amount paid over the face value of equity shares has been drawn from Share Premium Account.



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

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

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

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

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

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

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

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

IV) Expenses charged to Profit & Loss account

	<b>31.03.2010</b>	31.03.2009
	<b>Rs. in lacs</b>	Rs. in lacs
	<b>9.01</b>	16.53

	As at <b>31.03.2010</b>	As at 31.03.2009
	<b>(Rs. in Lacs)</b>	(Rs. in Lacs)

6. Managerial Remuneration under Section 198 of the Act to Executive Chairman

Salary	<b>36.00</b>	36.00
House Rent Allowance	<b>18.00</b>	--
Commission	<b>42.00</b>	--
Contribution to Provident Fund	<b>0.09</b>	0.09
Perquisites	<b>0.65</b>	--
	<u><b>96.74</b></u>	<u>36.09</u>

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

Profit before Taxation as per Profit and Loss Account **2099.71**

Add:

Remuneration to Director **96.74**

Directors Fees **0.65**

Depreciation as per Profit and Loss Account **5.99**

Profit on sale of Fixed Assets as per Section 349 of the Act **29.47**

**132.85**

Less:

Depreciation as per Section 350 of the Act **5.05**

Profit on sale of Fixed Assets as per books **261.47**

**266.52**

Net Profit as per Section 198 of the Companies Act, 1956 **1966.04**

Maximum permissible remuneration to Executive Chairman restricted as per Shareholders' approval to 5% of the net Profits of the company. **98.30**

Directors Sitting Fees **0.65**

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

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

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



8 Taxation :

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

b. Deferred Tax Asset / (Liability)

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

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

9. As per the Accounting Standard 18, disclosures of transactions with the related parties as defined in the Accounting Standards are given below:

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

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

(ii) Transaction with related parties.

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

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

Foreign Travel **5.87** NIL

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

The Company has not changed its accounting policy for income recognition (which is on accrual basis). The Prudential Norms of the RBI require the company to derecognize certain income and make provisions for non-performing assets. As the market value of the quoted shares as at 31.03.2010 was higher as compared to the cost, no provision is required.

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

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

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

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

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

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

CIN No.	L65990MH1984PLC032831
State Code	11
Balance Sheet Date	31.03.2010

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

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

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

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

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

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

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

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

As per our Report attached.

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

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

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

Mumbai  
Dated : 28th April, 2010

Mumbai  
Dated : 28th April, 2010

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

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

As per our Report attached.

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

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

Mumbai  
Dated : 28th April, 2010

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

Mumbai  
Dated : 28th April, 2010