

# **LKP Finance Limited**



**29<sup>TH</sup> ANNUAL REPORT 2012-2013**

**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 Friday, 31st May, 2013 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 Twenty Ninth 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 Friday, 31<sup>st</sup> May 2013 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 31st March 2013 and Report of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Milan S. Bhise, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vineet N. Suchanti, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint the Auditors and to fix their remuneration.
- (3) The Register of Members and Share transfer books will remain closed from Monday, May 27, 2013 to Friday, May 31, 2013 (both days inclusive).
- (4) The Dividend as recommended by the Board of Directors, if approved by the shareholders, will be payable on or after June 01, 2013.
- (5) Any change in the address of the members may be intimated to the Company's Registrar & Share Transfer Agent.
- (6) The particulars of Directors retiring by rotation and/or eligible for re-appointment are given in the Corporate Governance section of this Annual Report.
- (7) **Members are requested to intimate their e. mail address to the Company's Registrar & Share Transfer Agent.**
- (8) Members are requested to bring the Annual Report and the Attendance Slip to the Annual General Meeting.

**Notes:**

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- (2) **A PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

By Order of the Board of Directors

Mumbai  
Date: 29<sup>th</sup> April 2013(M. V. Doshi)  
*Executive Chairman*

## DIRECTORS' REPORT

The Directors present the Twenty Ninth Annual Report and Audited Accounts of the Company for the year ended March 31, 2013.

<b>FINANCIAL RESULTS</b>	<b>2012 – 2013</b>	<b>2011 – 2012</b>
	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>
Profit before tax	1031.07	745.11
Less: Tax Expense for the year	356.19	258.68
Profit after tax	674.88	486.43
Profit brought forward from previous year	2140.21	2095.05
Amount available for appropriation	2815.09	2581.48
<b>APPROPRIATIONS:</b>		
Proposed Dividend	246.23	261.55
Tax on Dividend	39.94	42.43
Transfer to Capital Redemption Reserve	73.35	--
Transfer to General Reserve	70.00	40.00
Transfer to Special Reserve Fund	134.98	97.29
Balance carried to Balance Sheet	2250.59	2140.21

### 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 2013. The total cash outflow on account of dividend & tax thereon Rs.286.17 lacs.

### PERFORMANCE REVIEW

The Company's total income increased to Rs. 3463.11 lacs from Rs. 2220.69 lacs and profit after tax to Rs. 674.88 lacs from Rs. 486.43 lacs in the previous year.

Even under though difficult market conditions, the income from operation increased 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. Further the Company substantially increased its business of loan against security of shares.

### BUY- BACK

At the Board meeting held on 29<sup>th</sup> May 2012, the Board of Directors of the Company has 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"). The above stated aggregate amount is not exceeding 10% of the paid-up capital and free reserves of the Company as per the Audited Annual Accounts of the Company for the financial year ended March 31, 2012.

Pursuant to the aforesaid approval the Company has bought-back from the Open Market on B S E Limited 7,41,423 equity shares upto March 31, 2013 at an average price of Rs 60.98 per share. Out of the shares bought-back, 7,33,495 equity shares have been extinguished till March 31, 2013. Hence the paid up equity share capital of the company as on March 31, 2013 stands reduced by Rs 73,34,950 to Rs. 12,34,39,940 divided into 1,23,43,994 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 1030 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 it's 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. Milan S. Bhise and Mr. Vineet N. Suchanti retire by rotation and being eligible offers themselves for re-appointment. Your Directors recommend their re-appointment.

### AUDITORS' REPORT

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period ;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
- iv) the Directors have prepared the annual accounts on a going concern basis.

**CONSOLIDATED FINANCIAL STATEMENTS**

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

**CORPORATE GOVERNANCE**

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

**ACKNOWLEDGEMENT**

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

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

Mumbai  
Date: April 29, 2013

**(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	31.03.2013	31.03.2013
3. Date from which the Company became a subsidiary.	01.04.1995	31.03.2010
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.	(319.22)	(11.01)
- Profits /Losses not dealt with 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	453.02	(11.47)
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  
Dated : 29th April, 2013

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

**Annexure to the 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 October 12, 2010</b>	<b>Granted on October 18, 2010</b>	<b>Granted on December 15, 2010</b>	<b>Granted on March 31, 2011</b>	<b>Granted on June 26, 2012</b>
1.	Options Granted	5,99,500	1,05,000	1,00,000	50,000	28,000	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	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	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	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	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	3,99,666	35,000	30,833	--	9,333	--
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	1,05,000	1,00,000	50,000	28,000	--
7.	Variations of terms of Options	--	--	--	--	--	--
8.	Money realized by exercise of the Options	--	--	--	--	--	--
9.	Total number of Options in force	3,90,000	Nil	Nil	Nil	Nil	4,47,000
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 7,44,500 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 Earning Per Share (EPS) calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended March 31, 2013.	Rs. 5.12					
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, 2013 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% 2.23% Rs. 125.43 & Rs.57.02					

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

The country's real GDP is estimated to fall to 5.7% in 2012-13 on lower growth, troubles on the policy front and the high fiscal deficit and current account deficit. Supply constraints, particularly in the mining and the agricultural sector, slow implementation of investment projects and slowdown in consumption expenditure on discretionary items due to high interest rates and poor performance of the Indian stock market affected the growth. Besides, the global economic slowdown had also contributed to the deceleration in growth of the Indian economy.

The Indian benchmarks ended the financial year FY13 with over 7 per cent gains on the back of strong fund flows from foreign institutional investors (FIIs) on the hope of economic reforms. The S&P BSE Sensex rallied 8.3 per cent while the Nifty rose 7.4 per cent this fiscal as FIIs pumped in INR 1.4 lakh crore in Indian equities. The Indian markets underperformed many of its EM peers on concerns of macro-economic data and political restraints.

The beginning of the new fiscal year in April should see the return of government spending bringing back much-need system liquidity, thereby likely easing bond yields, which was curtailed in 4QFY13 to meet the fiscal deficit targets. A visible pick-up is expected in ordering activity for rail, road and potentially port projects over the next six months, beginning 1QFY14

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 1030 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

The GDP of India is likely to rise to around 6.1% - 6.7% in FY14. Demand compression and easing of supply-side constraints should lead to lower inflation, such that RBI has room to lower interest rates to boost investments and growth. Improved global prospects, the easing inflation, and structural reforms is likely to push the growth.

### 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, 2013 stands at Rs. 12,34,39,940 divided into 1,23,43,994 equity shares of Rs. 10/- each fully paid up.

#### Net Worth

The Net Worth of the Company increased from Rs. 15164.12 lacs to Rs. 15444.80 lacs.

#### Secured Loans

The secured loans increased to Rs. 14171.18 lacs from Rs. 10956.13 lacs of the previous year.

#### Total Income

During the year under consideration total income was Rs. 3463.11 lacs as against Rs. 2220.69 lacs in the previous year.



**Other Income**

During the year under consideration other income was Rs. 7.72 lacs as against Rs. 119.40 lacs in the previous year.

**Interest and Finance Charges**

During the year under consideration total interest and finance charges were Rs.1675.79 lacs as against Rs. 768.80 lacs in the previous year.

**Tax Expense**

During the year under consideration the Tax Expense (including deferred tax Rs. 1.68 lacs), was Rs. 356.19 lacs as against Rs. 258.68 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 2013 the Company had 40 employees.

LKP Securities Ltd. places significant importance to its human capital. As on 31<sup>st</sup> March 2013 there are 353 employees employed by the Company. The company has also provided medical insurance for its employees and family members as a welfare measure. The company has been paying special attention to improve the skill set of the employees through various training programs. All employees are encouraged and motivated to get themselves certified in relevant industry standard certifications such as CFP, NCFM, BSEC & AMFI.

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

Mumbai  
 Date: April 29, 2013

**( 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 2013 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 equity 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 five Board Meetings held during the financial year ended 31<sup>st</sup> March 2013, namely on 24<sup>th</sup> April 2012, 29<sup>th</sup> May 2012, 20<sup>th</sup> July 2012, 29<sup>th</sup> October 2012, and 30<sup>th</sup> January 2013.

**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 2013:

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	Mahendra V. Doshi	5	Yes	5	5	1	3
2	Mr. Vineet N. Suchanti	4	Yes	4	1	--	1
3	Mr. Milan S. Bhise	4	Yes	--	--	--	--
4	Mr. Hariharan Padmanabhan	1	No	--	5	--	--
5	Mr. Sayanta Basu	4	No	--	5	--	--
6	Mr. Pratik M. Doshi	5	Yes	2	7	--	--

#Committee of Audit, Investor Grievances and Remuneration



**Profile of Director being Re-appointed:**

Name	Mr. Milan S. Bhise	Mr. Vineet N. Suchanti
Age	51 Years	43 Years
Date of Appointment	26 <sup>th</sup> July, 2001	26 <sup>th</sup> July, 2001
Qualification	M. A., LL.B., D.M.S.	MBA – U. S. A. University of Rochester
Expertise	Mr. Milan S. Bhise has vast experience in the field of Corporate Laws, commercial arbitration and Legal Matters. He has been practicing as an Advocate and Solicitor for last 21 years. He is the proprietor of M/s. Milan Bhise and Co., Advocates and Solicitors (UK).	Mr. Vineet N. Suchanti has vast experience in the field of Finance, Capital Market and Business Administration.
Other Directorships	Nil	1. Keynote Corporate Services Ltd. - Managing Director 2. Keynote Capitals Ltd. 3. Keynote Commodities Ltd. 4. Keynote Fincrop Ltd. 5. EagleEye Research & Media Pvt. Ltd. – Nominee Director
*Chairman / Member of Committee of the Board of the Companies on which he is a Director as on 29 <sup>th</sup> April 2013.	LKP Finance Ltd. 1. Audit Committee- Member 2. Compensation Committee - Member 3. Investors Grievances Committee - Chairman	LKP Finance Ltd. 1. Audit Committee- Chairman 2. Share Transfer Committee- Member 3. Compensation Committee - Member 4. Investors Grievances Committee – Member 5. Buy-back Committee- Member
Shareholding in the Company	Nil	Nil

**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 24<sup>th</sup> April 2012, 19<sup>th</sup> July 2012, 29<sup>th</sup> October 2012 and 30<sup>th</sup> January 2013. All the members have attended the aforesaid meetings except at the meeting dated 19<sup>th</sup> July 2012, leave of absence was granted to Mr. Milan S. Bhise. 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. 54.34 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. 20,000/-
2. Mr. Vineet N. Suchanti	Rs. 20,000/-
3. Mr. Hariharan Padmanabhan	Rs. 5,000/-
4. Mr. Pratik M. Doshi	Rs. 25,000/-
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 12 shareholders' letters/complaints were received out of which 11 were about non receipt of Dividend Warrant/s and 1 about non receipt of Annual Report. 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.

**6. Compensation Committee**

The Board of Directors has constituted Compensation Committee of Directors consisting Mr. M. V. Doshi as Chairman and Mr. Milan S. Bhise and Mr. V. N. Suchanti as Members of said Committee for administration and superintendence of Company's 'Employees' Stock Option Scheme 2010'.

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

**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.

**8. General Body Meetings**

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

Financial Year	Day	Date	Time
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.
2009-2010	Monday	12 <sup>th</sup> July, 2010	11.00 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.
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.
2009-2010	No Special resolution passed.

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

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

**9. Disclosure**

- The related party transactions made by the Company 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.lkpsc.com](http://www.lkpsc.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.

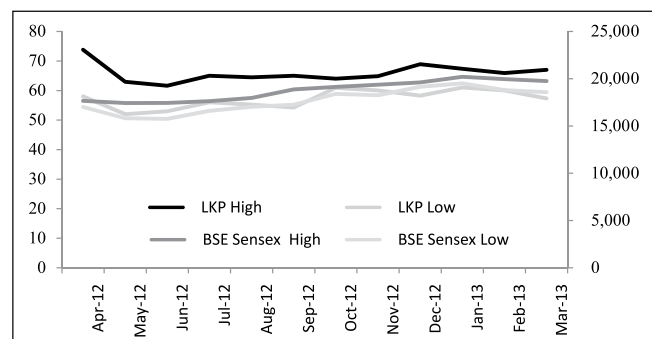
**11. General Shareholder Information**

AGM Date, Time and Venue	Friday, 31 <sup>st</sup> May 2013 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	Monday, May 27, 2013 to Friday, May 31, 2013 (both days inclusive).
Dividend payment date	On or after June 01, 2013
Listing on Stock Exchange	BSE Limited, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1 <sup>st</sup> April 2013 to 31 <sup>st</sup> March 2014. 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-12	73.80	58.00	30,555	449	17,664	17,010
May-12	62.95	52.00	43,074	776	17,432	15,810
Jun-12	61.60	53.00	30,682	352	17,448	15,749
Jul-12	65.00	56.00	30,154	189	17,631	16,598
Aug-12	64.45	55.25	14,330	186	17,973	17,027
Sep-12	65.00	54.25	1,20,954	227	18,870	17,251
Oct-12	64.00	60.90	21,234	176	19,137	18,393
Nov-12	64.85	60.00	4,54,372	215	19,373	18,256
Dec-12	68.90	58.25	4,45,151	731	19,612	19,149
Jan-13	67.35	61.00	1,74,432	258	20,204	19,509
Feb-13	65.90	60.00	1,36,144	177	19,967	18,794
Mar-13	67.00	57.30	38,549	153	19,755	18,568



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 2013**

Shares Slab	No. of Share Holders	%	Total Shares	Amount (Rs.)	%
Upto - 500	5146	89.11	698974	6989740	5.66
501 - 1000	299	5.18	230410	2304100	1.87
1001 - 2000	163	2.82	241659	2416590	1.96
2001 - 3000	47	0.81	118336	1183360	0.96
3001 - 4000	18	0.31	62294	622940	0.5
4001 - 5000	15	0.26	67271	672710	0.54
5001 -10000	40	0.69	259497	2594970	2.1
10001 & Above	47	0.81	10665553	106655530	86.4
<b>Total :</b>	<b>5775</b>	<b>100.00</b>	<b>12343994</b>	<b>123439940</b>	<b>100.00</b>

**Share holding pattern as on 31<sup>st</sup> March 2013**

	Category of Shareholder	Total number of shares	% to the Shareholding
1	Indian Promoters / Person Acting in Concert	7059327	57.19
2	Directors other than Promoters	301384	2.44
3	Mutual Fund and UTI	1400	0.01
4	Financial Institutions / Banks and Insurance Com.	2550	0.02
5	FII's	1135735	9.20
6	Private Corporate Bodies	988489	8.01
7	Indian Public	1907819	15.46
8	Foreign Corporate Bodies	727489	5.89
9	NRI/OCB	219801	1.78
	<b>Total</b>	<b>12343994</b>	<b>100.00</b>

**Dematerialization of equity Shares and liquidity**

As on 31<sup>st</sup> March 2013, 96.13 % of the Company's total shares represented by 1,18,66,886 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: April 29, 2013

(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, 2013.

Mumbai  
 April 29, 2013

(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, 2013, 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, 2013, no investor grievances are pending/un-addressed by the Company as on 29<sup>th</sup> April, 2013, 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: 29<sup>th</sup> April, 2013

**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 2013, 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 2013;

- (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 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, 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 : 29<sup>th</sup> April 2013

**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 2013. 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 one of its subsidiaries. The amount due as on 31<sup>st</sup> March 2013 is Rs 278.63 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, 2013 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, 2013.
10. The Company has no accumulated losses as on 31<sup>st</sup> March, 2013 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 : 29<sup>th</sup> April 2013

**Membership number: 011549**



**BALANCE SHEET AS AT 31ST MARCH,2013**

(Rupees)

As at 31.03.2012

**I. EQUITY AND LIABILITIES :**
**1 Shareholders' funds**

(a) Share capital	B01	<b>123,439,940</b>	130,774,890
(b) Reserves and surplus	B02	<b>1,421,208,388</b>	1,421,686,701

**2 Non-current liabilities**

(a) Long-term borrowings	B03	<b>81,095,893</b>	40,474,724
(b) Long-term provisions	B04	<b>5,301,609</b>	3,175,949

**3 Current liabilities**

(a) Short-term borrowings	B05	<b>1,336,022,790</b>	1,055,138,428
(b) Trade payables	B06	<b>31,967,280</b>	55,452,366
(c) Other current liabilities	B07	<b>195,819,880</b>	5,669,677
(d) Short-term provisions	B08	<b>28,617,190</b>	30,397,969

**TOTAL**
**3,223,472,970**
**2,742,770,704**
**II. ASSETS :**
**1 Non-current assets**

(a) Fixed assets ( Tangible Assets)	B09	<b>8,308,968</b>	4,524,494
(b) Non-current investments	B10	<b>407,077,610</b>	664,849,021
(c) Deferred tax asset		<b>168,127</b>	36,049,414
(d) Long-term loans and advances	B11	<b>220,000</b>	670,000

**2 Current assets**

(a) Inventories ( Securities)		<b>429,418,522</b>	482,992,120
(b) Trade receivables	B12	<b>542,078</b>	44,034,188
(c) Cash and cash equivalents	B13	<b>259,861,075</b>	283,975,884
(d) Short-term loans and advances	B14	<b>2,117,876,590</b>	1,225,675,583

**TOTAL**
**3,223,472,970**
**2,742,770,704**

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 : 29th April,2013

Dated : 29th April,2013

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH,2013**

(Rupees)

Particulars	Note No.		Previous Year
I. Revenue from operations	B15	345,539,116	210,128,282
II. Other income	B16	772,145	11,940,331
<b>III. Total Revenue</b>		<u>346,311,261</u>	<u>222,068,613</u>
IV. Expenses:			
Employee benefits expense	B17	35,253,883	41,543,868
Finance costs		167,579,216	76,880,452
Depreciation		982,526	446,304
Other expenses	B18	37,263,364	25,510,346
Provision for standard assets		2,125,660	3,175,949
<b>V Total Expenses</b>		<u>243,204,650</u>	<u>147,556,919</u>
<b>VI. Profit before tax</b>		<b>103,106,612</b>	74,511,694
<b>VII. Tax expense for the year</b>		<b>35,618,834</b>	25,868,461
<b>VIII. Profit after tax</b>		<b>67,487,778</b>	48,643,233
IX Earnings per equity share:			
(1) Basic		5.47	3.72
(2) Diluted		5.12	3.50
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 : 29th April,2013

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 : 29th April,2013



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

		(Rs In Lacs)
		Previous Year
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit before interest & tax	2,706.86	1,513.92
Adjustments for:		
Depreciation	9.83	4.46
Diminution in Value of Investment	24.20	-
Employee Stock Compensation Expenses	(19.61)	20.71
Profit on sale of assets	-	(42.57)
Dividend Received	(32.83)	(38.63)
Profit on sale of investments	(18.68)	(283.48)
	<u>(37.10)</u>	<u>(339.51)</u>
Operating Profit before Working Capital Changes	2,669.76	1,174.41
Adjustments for working capital changes	(5,980.52)	(5,393.08)
Cash Generated from operations	(3,310.76)	(4,218.67)
Interest paid	(1,675.79)	(768.80)
Direct taxes	(275.80)	(129.48)
<b>Net cash from operating activities</b>	<u>(5,262.36)</u>	<u>(5,116.95)</u>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(47.67)	-
Sale of fixed assets	-	91.00
Purchase of Investments	(5.74)	(1,380.89)
Sale of Investments	2,577.94	605.65
Dividend received	32.83	38.63
<b>Net cash used in investing activities</b>	<u>2,557.36</u>	<u>(645.61)</u>
<b>C. Cash flow from financing activities</b>		
Increase in borrowings	3,215.06	3,627.69
Buyback of Shares	(447.23)	
Dividend paid (including tax)	(303.98)	(1,519.90)
<b>Net cash used in financing activities</b>	<u>2,463.84</u>	<u>2,107.79</u>
Net increase in cash and cash equivalents	(241.15)	(3,654.77)
Cash and cash equivalents. (opening)	2,839.76	6,494.53
Cash and cash equivalents. (closing)	2,598.61	2,839.76

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 : 29th April,2013

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 : 29th April,2013

**Notes to financial statements for the year ended 31st March,2013****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 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.

**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, 2013 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 losse 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 continous 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,2013**
**B01. Share Capital**

(Rupees)

Particulars	As at 31 March 2012			
	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	12,343,994	123,439,940	13,077,489	130,774,890
<b>Total</b>	<b>12,343,994</b>	<b>123,439,940</b>	<b>13,077,489</b>	<b>130,774,890</b>

- 1) The Equity Shares are listed on the BSE Ltd.
- 2) The Company has no outstanding Preference Shares as on date.

Particulars	Equity Shares	
	Number	Rupees
Shares outstanding at the beginning of the year	13,077,489	130,774,890
Shares Issued during the year	-	-
Shares bought back during the year	733,495	7,334,950
Shares outstanding at the end of the year	12,343,994	123,439,940

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr Mahendra V Doshi	4,482,886	36.32	4,482,886	34.28
Prasu Leasing & Finance Pvt Ltd	1,777,700	14.40	1,777,700	13.59
Agrud Capital Pte Ltd	727,489	5.89	727,489	5.56
India Max Investment Fund Ltd	980,585	7.94	872,711	6.68

Particulars	Year (Aggregate No. of Shares)				
	2012-2013	2011-2012	2010-11	2009-10	2008-09
<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	733,495	-	361,263	88,737	-

**B02. Reserves and Surplus**

(Rupees)

Particulars	As at 31 March 2012	
<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 2012	
<b>b. Capital Redemption Reserve on account of buyback of Equity shares</b>		
Opening Balance	4,500,000	4,500,000
(+) Current Year Transfer	7,334,950	-
(-) Written Back in Current Year	-	-
Closing Balance	11,834,950	4,500,000
<b>c. Securities Premium Account</b>		
Balance as per last balance sheet	275,075,267	275,075,267
Less :Amount paid in excess of face value on buy back	37,388,192	-
Closing Balance	237,687,075	275,075,267
<b>d. Special Reserve Fund- As per RBI guidelines for NBFCs</b>		
Opening Balance	271,220,050	261,491,404
(+) Current Year Transfer	13,497,556	9,728,646
(-) Written Back in Current Year	-	-
Closing Balance	284,717,606	271,220,050
<b>e. General Reserve</b>		
Opening Balance	633,793,951	629,793,951
(+) Current Year Transfer	7,000,000	4,000,000
(-) Written Back in Current Year	-	-
Closing Balance	640,793,951	633,793,951
<b>f. Employees Stock Options (ESOPs)</b>		
Opening Balance	6,692,785	
(+) Current Year Transfer	-	6,692,785
(-) Deferred Employees Compensation	4,977,495	3,016,787
(-) Written Back in Current Year	-	-
Closing Balance	1,715,290	3,675,998
<b>B. Surplus</b>		
Opening balance	214,021,435	209,504,818
(+) Net Profit for the year	67,487,778	48,643,232
(-) Transfer to Capital Redemption Reserve	7,334,950	-
(-) Transfer to Special Reserve Fund	13,497,556	9,728,646
(-) Transfer to General Reserve	7,000,000	4,000,000
(-) Proposed Dividend	24,622,762	26,154,978
(-) Tax on Proposed Dividend	3,994,428	4,242,991
Closing Balance	225,059,517	214,021,435
<b>Total</b>	1,421,208,388	1,421,686,701
<b>B03. Long Term Borrowings</b>		
<b>Particulars</b>		As at 31 March 2012
<b>Secured</b>		
From banks	78,655,882	40,474,724
(Secured by pledge of Fixed Deposit Receipts)		
From others	2,440,010	-
(Secured by Hypothecation of vehicle)		
<b>Total</b>	81,095,893	40,474,724

**B04. Long Term Provisions**

Particulars	As at 31 March 2012	
Contingent Provisions against standard assets	5,301,609	3,175,949
<b>Total</b>	<b>5,301,609</b>	<b>3,175,949</b>

**B05. Short Term Borrowings**
**Secured**
**(a) From banks.**

(Secured By pledge of Fixed Deposit Receipts and Securities) 360,170,642 303,502,209

**(b) Loans from Corporates**

(Secured by pledge of own and third party securities) 975,852,148 751,636,219

**Total** **1,336,022,790** **1,055,138,428**

**B06. Trade Payables**

(a) Trade Payables:  
Sundry Creditors

**Total** **31,967,280** **55,452,366**

**B07. Other Current Liabilities**

(a) Statutory Dues 5,184,572 507,680  
 (b) Unpaid dividends 4,401,745 4,387,987  
 (c) Other payables 186,233,562 774,010

**Total** **195,819,880** **5,669,677**

**B08. Short Term Provisions**

**Proposed Dividend** 24,622,762 26,154,978  
**Dividend Distribution Tax on above** 3,994,428 4,242,991

**Total** **28,617,190** **30,397,969**

**B09. Fixed Assets**

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	Balance as at 1 April 2012	Additions / (Deductions)	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Deductions	Balance as at 31 March 2013	Balance as at 31 March 2013	Balance as at 31 March 2012
<b>Tangible Assets</b>									
Buildings	11,988,467		11,988,467	8,819,281	158,459		8,977,740	3,010,727	3,169,186
Furniture and Fixtures	125,000		125,000	108,000	3,077		111,077	13,923	17,000
Vehicles	1,753,661	4,767,000	6,520,661	575,353	798,734		1,374,087	5,146,574	1,178,308
Office Equipments	550,000		550,000	390,000	22,256		412,256	137,744	160,000
<b>Total</b>	14,417,128	4,767,000	19,184,128	9,892,634	982,526	-	10,875,160	8,308,968	4,524,494

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

**B10. Non Current Investments**

<b>Particulars</b>	As at 31 March 2012	
<b>Investments</b>		
(a) Investment in Properties -- Office Premises	-	248,750,000
(b) Investment in Equity instruments	<b>231,589,495</b>	238,191,385
(c) Investments in Preference shares	<b>179,365,954</b>	179,365,954
(d) Investments in Debentures and bonds	-	-
(e) Investments in Mutual Funds	<b>14,735</b>	14,735
<b>Total</b>	<b>410,970,184</b>	666,322,074
Less : Provision for diminution in the value of quoted Investments	<b>(3,892,574)</b>	(1,473,053)
<b>Total</b>	<b>407,077,610</b>	664,849,021
Aggregate amount of quoted investments (Market value of Rs 7,63,69,940/- (Previous Year Rs 120,409,785/-)	<b>115,295,684</b>	121,882,839
Aggregate amount of unquoted investments	<b>295,674,500</b>	295,689,235

**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 2013	31st March 2012			31st March 2013	31st March 2012
<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	700,000	Quoted	Fully paid	44,389,127	44,389,127
	Mercator Lines Limited	Others	1,271,000	1,271,000	Quoted	Fully paid	33,700,320	33,700,320
	City Union Bank Limited	Others	35,043	200,000	Quoted	Fully paid	1,524,208	8,699,837
	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	7,600	Unquoted	Fully paid	76,000	76,000
	LKP Securities Ltd.	Subsidiary	26,190,650	26,190,650	Unquoted	Fully paid	107,931,950	107,931,950
	Gayatri Cement & Chemicals Industries Pvt.Ltd	Subsidiary	21,000	21,000	Unquoted	Fully paid	16,400,000	16,400,000
<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>c Investments in Mutual Funds</b>								
	BenchMark Mutual Fund.	Others	147,342	147,342	Quoted	Fully paid	14,735	14,735
	<b>Total</b>						<b>410,970,184</b>	417,572,074

- 1) The Company holds 99.81% of Equity Share capital & 100% of Preference Share Capital of LKP Securities Ltd
- 2) The Company holds 100% of Equity Share capital of Gayatri Cement & Chemical Industries Pvt Ltd.

**B11. Long Term Loans & Advances**
**Particulars**

As at 31 March 2012

**a. Security Deposits**

Secured, considered good

**220,000**

670,000

**Total**
**220,000**
**670,000**
**B12. Trade Receivables**

Trade receivables outstanding for a period less than six months

Unsecured, considered good

**542,078**

44,034,188

**Total**
**542,078**
**44,034,188**
**B13. Cash and cash equivalents**
**a. Balances with banks**

In unpaid dividend accounts

**4,401,745**

4,387,987

In Current Accounts

**2,456,767**

1,579,857

In FDRs with Bank - more than 12 months maturity

**100,000,000**

160,000,000

In FDRs with Bank - less than 12 months maturity

**153,000,000**

118,000,000

**b. Cash on hand**
**2,563**

8,040

**Total**
**259,861,076**
**283,975,884**
**B14 Short term loans and advances**

Secured, considered good

**1,660,835,708**

669,752,543

Unsecured, considered good [including due from

**425,990,878**

552,715,510

Subsidiary Rs 2,78,63,434/- (previous year Rs 12,97,51,575/-)]

Advance Tax net of provision for tax

**31,050,004**

3,207,530

**Total**
**2,117,876,590**
**1,225,675,583**
**B15. Income from Operations**

Previous Year

Interest Income

**301,218,394**

147,518,462

Dividend

**3,283,041**

3,862,656

Profit on sale of shares &amp; securities

**60,369,395**

79,226,567

Income from F&amp;O

**(26,392,197)**

(27,659,680)

Income from Services

**7,060,483**

7,180,277

**Total**
**345,539,116**
**210,128,282**
**B16. Other Income**

Profit on Sale of Fixed Assets

**-**

4,256,712

Rent Income

**744,000**

1,032,000

Bad Debts Recovered

**-**

6,117,100

Miscellaneous Income

**28,145**

534,519

**Total**
**772,145**
**11,940,331**
**B17. Employee Benefits Expenses**

(a) Salaries and allowances

**36,035,388**

37,884,803

(b) Contribution to Provident fund &amp; ESIC

**526,115**

583,988

(c) Contribution to LIC Group Gratuity Fund

**236,722**

921,286

(d) ESOP compensation expenses w/off (net)

**(1,960,708)**

2,071,135

(e) Staff welfare expenses

**416,366**

82,656

**Total**
**35,253,883**
**41,543,868**



**B18. Other Expenses**

Particulars		Previous Year
Rent, Rates & Taxes	1,071,456	279,316
Repairs - Others	259,689	219,423
Advertisement	56,659	82,774
Directors Fees	70,000	45,000
Travelling & Conveyance	2,342,586	3,144,561
Postage, Telegram & Telephones	470,985	494,260
Legal and Professional Charges	12,830,028	13,574,023
Printing & Stationery	125,319	145,934
Auditors Remuneration :		
Audit fees	300,000	150,000
Tax audit fees	25,000	25,000
Brokerage	-	763,502
Donation	25,000	124,000
Provision for Diminution in value of investments	2,419,523	1,473,053
Provision under RBI prudential guidelines	10,323,268	-
Miscellaneous Expenses	6,943,851	4,989,500
Total	<u>37,263,364</u>	<u>25,510,346</u>

**Notes to financial statements for the year ended 31st March,2013**
**C. Notes :**
**1. Contingent Liabilities:**

- (a) Guarantee given to a Bank on behalf of a Subsidiary – Rs 8.00 crores. (Previous Year Rs 8.00 crores)
- (b) Claim against the Company not acknowledged as debt Rs. 33.99 Lacs , against which the company has deposited the money in the Honorable High Court of Mumbai.

2. 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**

	Rs. in lacs	31.03.2012 Rs. in lacs
a. Present value of obligation at the beginning of the year	64.80	48.17
b. Current service cost	4.54	3.85
c. Interest Cost	5.18	3.70
d. Benefits paid	(12.72)	(4.63)
e. Actuarial (Gain)/Loss	(0.19)	13.70
f. Present value of the obligation at the end of the year	61.62	64.80

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

	Rs. in lacs	31.03.2012 Rs. in lacs
a. Fair value of Plan Assets at the beginning of the year	76.27	53.95
b. Expected return on Plan Assets	6.26	5.91
c. Contributions	2.13	21.03
d. Benefits paid	(12.72)	(4.63)
e. Actuarial (Gain)/Loss on Plan Assets	Nil	Nil
f. Fair value of Plan Assets at the end of the year	71.94	76.27

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

	Rs. in lacs	31.03.2012 Rs. in lacs
a. Present value of obligation at the end the year	61.62	64.80
b. Fair value of Plan Assets at the end of the year	71.94	76.27
c. Excess of Fair value of Plan Assets over present value of obligation	10.32	11.47

**Notes to financial statements for the year ended 31st March, 2013**

## III) Expenses charged to Statement of Profit &amp; Loss.

	Rs. in lacs	Previous Year Rs. in lacs
a. Expenses charged to Profit & Loss Account	2.37	9.21

## 3. Managerial Remuneration under Section 198 of the Companies Act

	Rs. in lacs	Previous Year Rs. in lacs
Salary	36.00	36.00
House Rent Allowance	18.00	18.00
Commission	-	-
Contribution to Provident Fund	0.09	0.09
Perquisites	0.25	0.25
<b>Total</b>	<b>54.34</b>	<b>54.34</b>
Computation of net profits in accordance with Section 198 read with Section 309(5) of the Act.		
Profit before Tax as per Statement of Profit & Loss	<b>1031.06</b>	745.12
Add :		
Remuneration to Director	<b>54.34</b>	54.34
Directors Fees	<b>0.70</b>	0.45
Depreciation as per Statement of Profit & Loss	<b>9.82</b>	4.46
Profit on sale of Fixed Assets as per Section 349 of the Act	-	5.52
	<b>1095.93</b>	809.89
Less :		
Depreciation as per Section 350 of the Act	<b>6.01</b>	5.13
Profit on sale of Fixed Assets as per books	-	42.57
	<b>6.01</b>	47.70
Net Profit as per Section 198 of the Companies Act, 1956	<b>1089.92</b>	762.20
Maximum permissible remuneration to Executive Chairman. The remuneration of Rs 54.34 lacs paid is the minimum remuneration as per the Shareholders approval.	<b>54.50</b>	38.11
Directors Sitting Fees	<b>0.70</b>	0.45

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

	Current Year	Previous Year
Profit after Tax ( Rs in lacs )	<b>674.87</b>	486.43
Number of Shares Outstanding	<b>12,343,994</b>	13,077,489
	<b>Rs. Ps.</b>	Rs. Ps.
Earnings per shares (Basic)	<b>5.47</b>	3.72
Earnings per shares (Diluted)	<b>5.12</b>	3.50
Face Value of Share	<b>10</b>	10

## 5. 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. The company has made adjustment of equivalent amount of tax provision for the year by availing MAT Credit of earlier years.

## B. Tax expenses for the year comprises of :

i. Current Tax U/s 115JB of Income Tax Act, 1961 Rs 235.13 lacs

Less : MAT credit adjustment of earlier years Rs 235.13 lacs

ii. Deferred Tax Asset Written off Rs 358.81 lacs

iii. Excess provision of tax of earlier year Written back Rs 2.62 lacs Total Rs 356.19

C. Income Tax assessments have been completed upto Asst. Year 2011- 2012. There are no pending demands in respect of completed assessments.

## D. Deferred Tax Asset

	As at 31.03.2013 Rs. in lacs	For the year Rs. in lacs	As at 31.03.2012 Rs. in lacs
Written down value differential & Brought forward losses	1.68	358.82	360.49

6. As per the Accounting Standard 18, disclosure of transactions with the 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 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	Associate Company	Key Managerial Personnel	Total (Rs. In Lacs)
Rent Income	7.44	---	---	7.44
Directors Remuneration	---	---	54.34	54.34

**Notes to financial statements for the year ended 31st March,2013**
**7. Expenditure in Foreign Currency**

	<b>Rs. in lacs</b>	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. The market value of the quoted shares as at 31.03.2013 was lower by Rs 389.26 lacs as compared to the carrying cost. The company is of the view that this fall in the market value of quoted investments is temporary and in line with the ICAI guidelines no provision need be made. However as an abundant caution the company has decided to make additional provision of Rs 24.19 lacs in addition to existing provision of Rs 14.73 lacs to make overall provision of Rs 38.93 lacs to cover 10% of the shortfall in the market value of investments.

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

- provided 0.25% of Standard Assets amounting to Rs. 21.25 lacs ( Previous year Rs 31.76 lacs)
- appropriated 20% of the Net Profits Rs 134.97 lacs ( Previous year Rs 97.29 lacs) to Special Reserve Fund.
- provided Rs 103.23 lacs ( Previous year Rs Nil) under the guidelines

**10. Tax Deducted at Source on income: Rs. 183.30 lacs (Previous Year Rs. 94.77 lacs)**
**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, 2013.**
**12. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31<sup>st</sup> March, 2013**
**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 had granted 8,25,000 ESOPs in the year 2010-11. Out of these 4,35,000 ESOPs were surrendered during the year. The company has further granted 4,47,000 ESOPs during the year. Consequent to the surrender of ESOPs Rs 19.60 lacs (net) ESOP Compensation Expenses has been reversed to the statement of profit and loss which was charged to the statement of profit and loss in earlier years. There is no charge to the Statement of profit and loss in respect of ESOPs granted during the year as the grant price was higher than the fair value on the date of grant. 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 31.03.2013 is Rs 459.25 lacs (Previous Year Rs 1774.15 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)**

(Rs. In Lakh)

<b>Liabilities Side:</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
(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)	14,171.19	NIL
<b>Asset Side</b>		<b>Amount Outstanding</b>
(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)		
(a) Secured		16,608.35
(b) Unsecured		4,570.41
(Comprises advance income tax paid, capital advances & miscellaneous dues)		
(3) Break up of Leased Assets and Assets and stock on hire and other assets counting towards AFC activities		NIL
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial Lease		NIL
(b) Operating Lease		NIL
(ii) Stock on hire including hire charges under sundry debtors		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

**Notes to financial statements for the year ended 31st March,2013**

(4) Break up of Investments:		Long Term Investments	
Current Investments		1. Quoted	
1. Quoted:		(i) Shares:	
(i) Shares		(a) Equity	1020.22
(a) Equity	NIL	(b) Preference	93.66
(b) Preference		(ii) Debentures and Bonds	NIL
(ii) Debentures and Bonds	NIL	(iii) Units of mutual funds	0.15
(iii) Units of mutual funds	NIL	(iv) Government Securities	NIL
(iv) Government Securities	NIL	(v) Others (Please specify)	NIL
(v) Others:		2. Unquoted:	
(a) Certificate of Deposit	NIL	(i) Shares	
(b) Commercial Paper	NIL	(a) Equity	1256.75
		(b) Preference	1700.00
2. Unquoted:		(ii) Debentures and Bonds	NIL
(i) Shares	NIL	(iii) Units of mutual funds	NIL
(a) Equity	NIL	(iv) Government Securities	NIL
(b) Preference	NIL	(v) Others (please specify)	NIL
(ii) Debentures and Bonds	NIL	Share warrants	NIL
(iii) Units of mutual funds	NIL	Total	4070.78
(iv) Government Securities	NIL	CRAR	
(v) Others:		<b>Items</b>	<b>2013</b>
(a) Certificate of Deposit	NIL	(i) CRAR %	48.46
(b) Commercial Paper	NIL	(ii) CRAR – Tier I capital (%)	48.27
		(iii) CRAR – Tier II capital (%)	0.19
			2012

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

(6) 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>	10.40	-	0.02	0.02	60.54	71.35	-	-	142.33
Borrowings from Banks	-	-	-	-	32.82	11.69	-	-	44.51
Market Borrowings	10.40	-	0.02	0.02	27.72	59.66	-	-	97.82
<b>Assets</b>	31.89	4.97	4.19	3.75	37.64	185.87	-	32.22	300.53
Advances	0.20	4.97	4.19	-	30.14	174.59	-	2.79	216.88
Investments / Stocks	31.69	-	-	3.75	7.50	11.28	-	29.43	83.65

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 : 29th April,2013

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 : 29th April,2013

**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 2013, 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 2013;
- 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 : 29<sup>th</sup> April 2013

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

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013**

Particulars	Note No.	As at 31.03.2012	
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	C- B1	<b>123,439,940</b>	130,774,890
(b) Reserves and surplus	C- B2	<b>1,419,536,905</b>	1,453,038,345
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	C- B3	<b>81,759,238</b>	41,997,897
(b) Long-term provisions	C- B4	<b>9,425,445</b>	5,518,077
<b>3 Current liabilities</b>			
(a) Short-term borrowings	C-B5	<b>1,839,910,349</b>	1,301,346,275
(b) Trade payables	C-B6	<b>404,832,661</b>	577,347,238
(c) Other current liabilities	C-B7	<b>39,355,545</b>	39,834,137
(d) Short-term provisions	C-B8	<b>28,617,190</b>	30,397,969
<b>TOTAL</b>		<b><u>3,946,877,273</u></b>	<b><u>3,580,254,828</u></b>
<b>II. ASSETS :</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>	C-B9		
a. Tangible assets		<b>69,255,097</b>	73,662,174
b. Intangible assets		<b>6,065,584</b>	8,291,429
c. Goodwill on consolidation		<b>69,749,950</b>	69,749,950
(b) Non-current investments	C-B10	<b>135,116,831</b>	393,950,082
(c) Deferred tax asset (net)		<b>13,258,109</b>	49,217,327
(d) Long-term loans and advances	C-B11	<b>78,136,607</b>	77,642,488
(e) Other non current assets		<b>14,547,547</b>	12,047,547
<b>2 Current assets</b>			
(a) Inventories ( Securities)		<b>429,559,957</b>	482,992,120
(b) Trade receivables	C-B12	<b>531,631,992</b>	803,875,473
(c) Cash and cash equivalents	C-B13	<b>442,767,732</b>	441,175,145
(d) Short-term loans and advances	C-B14	<b>2,137,549,343</b>	1,161,835,007
(e) Other Current Assets		<b>19,238,525</b>	5,816,085
<b>TOTAL</b>		<b><u>3,946,877,274</u></b>	<b><u>3,580,254,828</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, 2013**

Particulars	Note No.	Previous Year	
<b>I. Revenue from operations</b>	C-B15	<b>765,329,955</b>	617,567,222
<b>II. Other income</b>	C-B16	<b>22,127,906</b>	34,202,527
<b>III. Total Revenue (I + II)</b>		<b>787,457,861</b>	651,769,749
<b>IV. Expenses:</b>			
Employee benefits expense	C-B17	<b>199,170,446</b>	193,076,547
Finance costs		<b>234,042,460</b>	110,699,641
Depreciation		<b>17,994,758</b>	19,358,331
Other expenses	C-B18	<b>263,963,122</b>	266,388,232
Provision for standard assets		<b>2,125,660</b>	3,175,949
<b>V. Total expenses</b>		<b>717,296,446</b>	592,698,700
<b>VI. Profit Before Tax</b>		<b>70,161,415</b>	59,071,049
<b>VII. Tax expense for the year</b>		<b>35,696,765</b>	23,028,875
<b>VIII. Profit After Tax</b>		<b><u>34,464,650</u></b>	<b><u>36,042,174</u></b>
<b>IX. Earnings per equity share:</b>			
(1) Basic		<b>2.64</b>	2.76
(2) Diluted		<b>2.48</b>	2.59
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 : 29th April,2013.

*Executive Chairman* **M. V. Doshi**  
*Director* **V. N. Suchanti**  
*Director* **P. M. Doshi**  
*Director* **M. S. Bhise**  
 Mumbai  
 Dated : 29th April,2013

As per our Report attached  
 For FORD, RHODES, PARKS & CO.  
 Chartered Accountants  
 Firm Registration No.102860W  
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*Director* **M. S. Bhise**  
 Mumbai  
 Dated : 29th April,2013



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2013**

	Rs in Lacs	Rs in Lacs	Rs in Lacs	Rs in Lacs
			As at	31.3.2012
<b>A. Cash Flow From Operating Activities:</b>				
Net Profit/(Loss) before tax and Extraordinary				
Items and Interest.		<b>3,042.04</b>		1,697.70
Adjustments for:				
Depreciation	<b>179.95</b>		193.58	
Diminution in Value of Investment	<b>28.19</b>			
Employee Stock Compensation Expenses	<b>(19.61)</b>		20.71	
Profit / Loss on sale of fixed assets	<b>(0.63)</b>		(39.22)	
Dividend Received	<b>(34.13)</b>		(39.58)	
Profit on sale of investments	<b>(23.05)</b>		(283.48)	
		<b>130.73</b>		(147.99)
Operating Profit before Working Capital Changes		<b>3,172.76</b>		1,549.71
Adjustments for working capital changes		<b>(7,038.90)</b>		1,571.48
Cash Generated from operations		<b>(3,866.13)</b>		3,121.19
Interest paid	<b>(2,340.42)</b>		(1,106.99)	
Direct taxes paid	<b>(295.01)</b>	<b>(2,635.43)</b>	(176.71)	(1,283.70)
Net cash from operating activities		<b>(6,501.57)</b>		1,837.49
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets	<b>(125.02)</b>		(232.39)	
Sale of fixed assets	<b>12.03</b>		93.18	
Purchase of Investments	<b>(6.74)</b>		(788.51)	
Sale of Investments	<b>2,589.93</b>		616.85	
Dividend received	<b>34.13</b>		39.58	
Net cash used in investing activities		<b>2,504.33</b>		(271.29)
<b>C. Cash flow from financing activities</b>				
Increase in borrowings	<b>4,764.37</b>		3,713.27	
Buyback of Shares	<b>(447.23)</b>			
Dividend paid	<b>(303.98)</b>		(1,519.90)	
Net cash used in financing activities		<b>4,013.16</b>		2,193.37
Net increase in cash and cash equivalents		<b>15.93</b>		3,759.57
Cash and cash equivalents. (opening)	<b>4,411.75</b>			8,171.32
Cash and cash equivalents. (closing)	<b>4,427.68</b>			4,411.75

As per our Report attached

For FORD, RHODES, PARKS & CO.	<i>Executive Chairman</i>	<b>M. V. Doshi</b>
<i>Chartered Accountants</i>	<i>Director</i>	<b>V. N. Suchanti</b>
<i>Firm Registration No.102860W</i>	<i>Director</i>	<b>P. M. Doshi</b>
	<i>Director</i>	<b>M. S. Bhise</b>

A.D. Shenoy

Partner

Membership No 11549

Mumbai

Dated : 29th April,2013.

Mumbai

Dated : 29th April,2013

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**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 issue 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 16<sup>th</sup> 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).

- The Subsidiary Companies in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% of voting power held as at 31st March,2013
1. LKP Securities Limited	India	99.81
2. Gayatri Cement & Chemical Industries Pvt Ltd	India	100.00

- Other Significant Accounting Policies

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

- Segment reporting and related information is not given, as the same is not applicable to the Company and its Subsidiaries as there is only one segment.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**C-B1. SHARE CAPITAL**

Particulars	Number	Amount	(Rupees)	
			As at 31 March 2012	
			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	12,343,994	123,439,940	13,077,489	130,774,890
<b>Total</b>	<b>12,343,994</b>	<b>123,439,940</b>	<b>13,077,489</b>	<b>130,774,890</b>

- 1) The Equity Shares are listed on the BSE Ltd  
 2) The Company has no outstanding Preference Shares as on date.

Particulars	Equity Shares	
	Number	Rupees
Shares outstanding at the beginning of the year	13,077,489	130,774,890
Shares Issued during the year	-	-
Shares bought back during the year	733,495	7,334,950
Shares outstanding at the end of the year	12,343,994	123,439,940

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr Mahendra V Doshi	4,482,886	36.32	4,482,886	34.28
Prasu Leasing & Finance Pvt Ltd	1,777,700	14.40	1,777,700	13.59
Agrud Capital Pte Ltd	727,489	5.89	727,489	5.56
India Max Investment Fund Ltd	980,585	7.94	872,711	6.68

Particulars	Year (Aggregate No. of Shares)				
	2012-2013	2011-2012	2010-11	2009-10	2008-09
<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	733,495	-	361,263	88,737	-

**C-B2. RESERVES AND SURPLUS**

Particulars	(Rupees)	
	As at 31 March 2012	
<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	4,500,000	4,500,000
(+) Current Year Transfer	7,334,950	-
(-) Written Back in Current Year	-	-
Closing Balance	11,834,950	4,500,000
<b>c. Securities Premium Account</b>		
Balance as per last balance sheet	275,075,267	275,075,267
Less : Amount paid in excess of face value of buyback	37,388,192	-
Closing Balance	237,687,075	275,075,267
<b>d. Special Reserve Fund- As per RBI guidelines for NBFCs</b>		
Opening Balance	271,220,050	261,491,404
(+) Current Year Transfer	13,497,556	9,728,646
(-) Written Back in Current Year	-	-
Closing Balance	284,717,606	271,220,050
<b>e. General Reserve</b>		
Opening Balance	634,098,768	630,098,768
(+) Current Year Transfer	7,000,000	4,000,000
(-) Written Back in Current Year	-	-
Closing Balance	641,098,768	634,098,768
<b>f. Employees Stock Options (ESOPs)</b>		
Opening Balance	6,692,785	6,692,785
(+) Current Year Transfer	-	-
(-) Deferred Employees Compensation	4,977,495	3,016,787
(-) Written Back in Current Year	-	-
Closing Balance	1,715,290	3,675,998
<b>B. Surplus</b>		
Opening balance	245,068,262	253,152,704
(+) Net Profit for the year	34,464,650	36,042,173
(-) Current year transfer	7,334,950	-
(-) Transfer to Special Reserve Fund	13,497,556	9,728,646
(-) Transfer to General Reserve	7,000,000	4,000,000
(-) Proposed Dividend	24,622,762	26,154,978
(-) Tax on Proposed Dividend	3,994,428	4,242,991
Closing Balance	223,083,216	245,068,262
<b>Total</b>	<b>1,419,536,905</b>	<b>1,453,038,345</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**C- B3. LONG TERM BORROWINGS**

Particulars	(Rupees) As at 31 March 2012	(Rupees) As at 31 March 2012
<b>Secured</b>		
From banks (Secured by pledge of Fixed Deposit Receipts)	78,655,882	40,474,724
Other Loans (Secured by hypothecation of vehicle)	3,103,356	1,523,173
Total	<u>81,759,238</u>	<u>41,997,897</u>

**C-B4. LONG TERM PROVISIONS**

Particulars	(Rupees) As at 31 March 2012	(Rupees) As at 31 March 2012
Contingent Provision against standard assets	5,301,609	3,175,949
Provision for Gratuity	4,123,836	2,342,128
TOTAL	<u>9,425,445</u>	<u>5,518,077</u>

**C-B5. SHORT TERM BORROWINGS**

Particulars	(Rupees) As at 31 March 2012	(Rupees) As at 31 March 2012
<b>Secured</b>		
(a) From banks. (Secured By pledge of Fixed Deposit Receipts and Securities) (Secured By hypothecation of Debtors and pledge of FDR's & personal guarantee of Mr M V Doshi)	360,170,642	303,502,209
	500,605,912	243,618,856

Particulars	(Rupees) As at 31 March 2012	(Rupees) As at 31 March 2012
(b) Loans from Corporates (Secured by pledge of own and third party securities)	975,852,148	751,636,219
(c) Vehicle Loans (Secured by hypothecation of vehicle)	1,631,647	938,991
<b>Unsecured</b>		
Others	1,650,000	1,650,000
Total	<u>1,839,910,349</u>	<u>1,301,346,275</u>

**C-B6. TRADE PAYABLES**

Particulars	(Rupees) As at 31 March 2012	(Rupees) As at 31 March 2012
Trade Payables		
(a) Trade Payables: Sundry Creditors	404,832,661	577,347,238
Total	<u>404,832,661</u>	<u>577,347,238</u>

**C- B7 OTHER CURRENT LIABILITIES**

Particulars	(Rupees) As at 31 March 2012	(Rupees) As at 31 March 2012
(a) Statutory Dues	10,984,884	9,282,388
(b) Unpaid dividends	4,401,745	4,387,987
(c) Other payables	23,968,916	26,163,762
Total	<u>39,355,545</u>	<u>39,834,137</u>

**C- B8. SHORT TERM PROVISIONS**

Particulars	(Rupees) As at 31 March 2012	(Rupees) As at 31 March 2012
Proposed Dividend & Tax	24,622,762	26,154,978
Dividend Distribution Tax on above	3,994,428	4,242,991
Total	<u>28,617,190</u>	<u>30,397,969</u>

**C- B9 FIXED ASSETS**

	Particulars	Gross Block			Accumulated Depreciation			Net Block	
		Balance as at 1 April 2012	Additions/ Deductions	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Deductions	Balance as at 31 March 2013	Balance as at 31 March 2012
a.	<b>Tangible Assets</b>								
	Buildings	17,758,523		17,758,523	13,479,059	281,823		13,760,882	3,997,641
	Furniture and Fixtures	39,149,954	(25,000)	39,124,954	25,886,947	2,399,080	20,168	28,265,859	10,859,095
	Vehicles	18,493,251	2,629,599	21,122,850	9,417,133	3,030,695	2,851,206	9,596,622	11,526,228
	Office equipment	117,590,073	2,663,787	120,253,860	81,785,819	7,192,292	1,146,256	87,831,855	32,422,005
	Leasehold Improvements	14,029,124	850,000	14,879,124	2,789,793	1,639,203		4,428,996	10,450,128
	Total	207,020,925	6,118,386	213,139,311	133,358,751	14,543,093	4,017,630	143,884,214	69,255,097
b.	<b>Intangible Assets</b>								
	Computer software	39,702,771	1,225,820	40,928,591	31,411,342	3,451,665		34,863,007	6,065,584

**Note : Cost of office premises 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, 2013**
**C-B10. NON CURRENT INVESTMENTS**

Particulars	(Rupees)	
	As at 31 March 2012	
Investments (Refer A below)		
(a) Investment in Properties -- Office Premises	-	248,750,000
(b) Investment in Equity instruments	129,933,619	137,197,440
(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>140,314,308</b>	<b>396,328,129</b>
Less : Provision for diminution in the value of quoted Investments	(5,197,477)	(2,378,047)
<b>Total</b>	<b>135,116,831</b>	<b>393,950,082</b>

**Note :**

Aggregate amount of quoted investments Rs /- ( 139,389,987/- ) Market value Rs /- ( Rs120,409,785/-)

Aggregate amount of unquoted investments Rs /- (Rs 299,229,112)

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 2013	As at 31 March 2012			As at 31 March 2013	As at 31 March 2012
(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	700,000	700,000	Quoted	Fully Paid	44,389,127	44,389,127
	Mercator Lines Limited	Others	1,271,000	1,271,000	Quoted	Fully Paid	33,700,320	33,700,320
	City Union Bank Limited	Others	35,043	200,000	Quoted	Fully Paid	1,524,208	8,699,837
	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	7,600	Unquoted	Fully Paid	76,000	76,000
	Gold Crest Finance (I) Ltd.	Others	10,000	10,000	Quoted	Fully Paid	100,000	100,000
	Infra Industries Ltd.	Others	149,000	149,000	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	8,900	8,900	Quoted	Fully Paid	89,000	89,000
	TCI Finance Ltd.	Others	8,300	8,300	Quoted	Fully Paid	249,000	249,000
	Geodesic Information Systems Ltd.	Others	6,792	6,792	Quoted	Fully Paid	1,199,920	1,199,920
	Reliance Power Ltd.	Others	17,440	17,440	Quoted	Fully Paid	6,481,117	6,481,117
	East India Hotels	Others	37,000	37,000	Quoted	Fully Paid	3,072,290	3,072,290
	L&T Finance Holding Ltd.	Others	-	15,000	Quoted	Fully Paid	-	761,930
	Gobind Sugar Ltd.	Others	11,200	11,200	Unquoted	Fully Paid	1,785,000	1,785,000
	Bombay Stock Exchange Ltd.	Others	11,401	11,401	Unquoted	Fully Paid	1,754,877	1,754,877
	TV 18	Others	5,000	-	Quoted	Fully Paid	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	2,000	2,000	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	490	490	Unquoted	Fully Paid	49,000	49,000
	Peak Plastonics Pvt Ltd	Others	490	490	Unquoted	Fully Paid	49,000	49,000
<b>(b)</b>	<b>Investments in Mutual Funds</b>							
	BenchMark Mutual Fund.	Others	147,342	147,342,000	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>						130,948,354	138,212,173

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**C- B11 LONG TERM LOANS AND ADVANCES**

Particulars	(Rupees)	
	As at 31 March, 2012	
<b>a. Security Deposits</b>		
Secured, considered good	78,136,607	77,642,488
<b>Total</b>	<u>78,136,607</u>	<u>77,642,488</u>

**C-B12. TRADE RECEIVABLES**

Particulars	(Rupees)	
	As at 31 March 2012	
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	531,631,992	803,875,473
<b>Total</b>	<u>531,631,992</u>	<u>803,875,473</u>

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

Particulars	(Rupees)	
	As at 31 March 2012	
<b>a. Balances with banks</b>		
In unpaid dividend accounts	4,401,745	4,387,987
In Current Accounts	55,882,920	40,808,962
In FDRs with Bank - more than 12 months maturity	125,400,000	160,000,000
In FDRs with Bank - less than 12 months maturity	256,957,601	235,611,492
<b>b. Cash on hand</b>	125,466	106,119
<b>Total</b>	<u>442,767,732</u>	<u>440,914,560</u>

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

Particulars	(Rupees)	
	As at 31 March 2012	
Secured, considered good	1,660,835,708	669,752,543
Unsecured, considered good.	415,378,307	460,510,385
Advance Tax net of provision for tax	61,335,328	31,572,079
<b>Total</b>	<u>2,137,549,343</u>	<u>1,161,835,007</u>

**B15. INCOME FROM OPERATION**

Particulars	Previous Year	
Interest Income	301,218,394	147,518,462
Dividend	3,412,743	3,976,642
Brokerage / Commission / Charges	417,221,995	406,748,620
Profit on sale of shares & securities	62,799,463	78,189,541
Income from F&O	(26,383,124)	(26,046,320)
Income from Services	7,060,483	7,180,277
<b>Total</b>	<u>765,329,955</u>	<u>617,567,222</u>

**C-B16. OTHER INCOME**

Particulars	(Rupees)	
	Previous Year	
Profit on Sale of Assets	63,117	4,256,712
Interest	18,480,244	14,481,520
Bad Debts Recovered	-	6,117,100
Miscellaneous Income	3,584,545	9,347,195
<b>Total</b>	<u>22,127,906</u>	<u>34,202,527</u>

**C-B17 EMPLOYEE BENEFITS EXPENSE**

Particulars	(Rupees)	
	Previous Year	
(a) Salaries and allowances	189,475,928	178,066,973
(b) Contribution to Provident fund & ESIC	4,974,861	5,257,828
(c) Contribution to LIC Group Gratuity Fund	3,614,770	5,110,908
(d) ESOP compensation expenses w/off	(1,960,708)	2,071,135
(e) Staff welfare expenses	3,065,595	2,569,703
<b>Total</b>	<u>199,170,446</u>	<u>193,076,547</u>

**C-B18 OTHER EXPENSES**

Particulars	(Rupees)	
	Previous Year	
Rent, Rates & Taxes	26,353,009	28,709,300
Repairs - Others	4,199,994	4,345,888
Advertisement	261,196	1,015,612
Directors Fees	70,000	45,000
Travelling & Conveyance	8,214,458	7,853,405
Postage, Telegram & Telephones	17,529,204	16,124,699
Legal and Professional Charges	19,660,124	19,814,375
Printing & Stationery	5,162,474	3,492,885
Auditors Remuneration :		
Audit fees	516,854	386,545
Tax Audit fees	45,000	25,000
Irrecoverable Loans Written off	-	214,226
Brokerage	-	763,502
Donation	40,000	124,000
Provision for Diminution in value of investments	2,819,432	1,473,053
Provision under RBI prudential guidelines	10,323,268	-
Miscellaneous Expenses	168,768,109	182,000,742
<b>Total</b>	<u>263,963,122</u>	<u>266,388,232</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**C. NOTES :**

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

	2012-13	2011-12
Profit after Taxation (Rupees in Lacs)	344.65	360.42
Number of Shares Outstanding	1,23,44,994	1,30,77,489
	<b>Rs. Ps.</b>	<b>Rs. Ps.</b>
Earnings per shares (Basic)	2.64	2.76
Earnings per shares (Diluted)	2.48	2.59
Face Value of Share	10	10

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

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

(Relationship : Subsidiary Company, 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	Associate	Key Managerial Personnel	Total (Rs.in Lacs)
<b>Rent income</b>	7.44	---	---	7.44
<b>Directors Remuneration</b>	---	---	54.34	54.34

 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)	2,943.32
Reserves & Surplus	(16.71)
Total Assets	7,234.04
Total Liabilities	7,234.04
Investments	223.71
Turnover	4,411.47
Loss before taxation	329.46
Provision for taxation	0.77
Loss after taxation	330.23
Proposed Dividend	Nil

4) Contingent Liabilities:

- Guarantee given to Banks – Rs 29.35 crores. (Previous Year Rs 20.10 crores)
- Claim against the Company not acknowledged as debt Rs. 33.99 Lacs , against which the company has deposited the money in the Honorable High Court of Mumbai.

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. 21.25 lacs ( Previous year Rs 31.76 lacs)
- appropriated 20% of the Net Profit's Rs 134.97 lacs ( Previous year Rs 97.29 lacs) to Special Reserve Fund.
- Provided Rs 103.23 lacs ( Previous year Rs NIL) under the guidelines.

6) During the year the company has entered into Futures &amp; 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 31.03.2013 is Rs 459.25 lacs (Previous Year Rs 1,774.15 lacs).

7) Previous Years Figures are regrouped / reclassified wherever necessary.

**Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill their details in the table provided below and register the same with:

M/s. Adroit Corporate Services Private Limited (Unit: LKP Finance Limited)  
19, Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor, Makawana Road, Marol Naka, Andheri (East), Mumbai 400 059

Or

Send by e. mail to: Mr. Surendra V. Gawade - [surendrag@adroitcorporate.com](mailto:surendrag@adroitcorporate.com) / Mr. Pratap Y. Pujare - [pratapp@adroitcorporate.com](mailto:pratapp@adroitcorporate.com)

**REQUEST TO COMPANY FOR SERVICE OF DOCUMENT THROUGH ELECTRONIC MODE**

Name and Address	Folio No. /DP/ID No.	e-mail ID.	Signature



**LKP Finance Limited**

**Registered Office :** 203, Embassy Centre, Nariman Point, Mumbai - 400 021.

**ATTENDANCE SLIP**

**29<sup>th</sup> Annual General Meeting on Friday, 31<sup>st</sup> May 2013**

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 29<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 Friday, 31<sup>st</sup> May, 2013

Proxy's Name in Block Letters

Member's/Proxy's Signature

**NOTES :**

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



**LKP Finance Limited**

**Registered Office :** 203, Embassy Centre, Nariman Point, Mumbai - 400 021.

**PROXY**

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

No. of Shares held:.....

I/We.....of.....  
.....in the district of..... being a  
member/members of LKP Finance Ltd. hereby appoint.....  
.....of.....  
.....in the district of.....or failing him  
.....of.....  
.....in the district of..... as my/our

Proxy to vote for me/us on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 31<sup>st</sup> May, 2013 and at any adjournment thereof.

As witness my hand this ..... day of.....2013.

Signed

Affix 1 Re.  
Revenue  
Stamp

## BOOK-POST



*If undelivered, please return to :*

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