



LKP FINANCE LIMITED

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

Tel No : 91-022 40024785 • Fax No : 91-022 22874787

CIN : L65990MH1984PLC032831

Website : www.lkpsec.com E-mail : girish_inani@lkpsec.com

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS AND POSTAL BALLOT AND E-VOTING

COURT CONVENED MEETING:	
Day	: Monday
Date	: January 11, 2016
Time	: 11.30 a.m. (11.30 hours)
Venue	: Indian Merchants' Chamber, IMC Building, 2 nd Floor, Kilachand Conference Room, Churchgate, Mumbai 400 020, Maharashtra, India
POSTAL BALLOT AND E-VOTING	
Start Date	: Thursday, December 10, 2015
Last Date	: Saturday, January 09, 2016

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
(ORDINARY ORIGINAL CIVIL JURISDICTION)
COMPANY SUMMONS FOR DIRECTION NO. 888 of 2015

In the matter of the Companies Act, 1956 and other relevant provisions of Companies Act, 2013;

AND

In the matter of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956 and read with Section 52 and 55 and other relevant provisions of the Companies Act, 2013;

AND

In the matter of the Scheme of Arrangement of LKP Finance Limited, the Transferor Company/ Demerged Company with LKP Securities Limited the Transferee Company/ Resulting Company.

LKP Finance Limited, a company incorporated under the }
Companies Act, 1956 having its registered office at 203 }
Embassy Centre, Nariman Point, Mumbai 400 021, }
Maharashtra, India } ...Applicant Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF THE TRANSFEROR COMPANY

To

The Equity Shareholders of LKP Finance Limited (the "Applicant Company" or "Transferor Company")

TAKE NOTICE that by an order made on the 27th day of November, 2015, in the above mentioned Company Summons for Direction (the "**Order**"), the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the equity shareholders of the Applicant Company be convened and held at the Indian Merchants' Chamber, IMC Building, 2nd Floor, Kilachand Conference Room, Churchgate, Mumbai 400 020, Maharashtra, India on Monday, the 11th day of January, 2016 at 11.30 a.m. (11.30 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement amongst the Applicant Company and LKP Securities Limited and their respective shareholders and creditors by passing the following resolutions, with or without modifications:

1. "**RESOLVED THAT** pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/ or under the corresponding provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the observation letters issued by BSE Limited dated October 20, 2015, and relevant provisions of applicable laws, and subject to the approval of the High Court of Judicature at Bombay, the Composite Scheme of Arrangement (the "**Composite Scheme**"), amongst LKP Finance Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at 203 Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra, India (the "**Transferor Company**") and LKP Securities Limited a public limited company incorporated under the Companies Act, 1956, having its registered office at 203 Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra, India (the "**Transferee Company**") and their respective shareholders and creditors, be and is hereby approved and agreed to, with/without any modifications and/ or conditions, if any, which may be required and/or imposed and/or permitted by the High Court of Judicature at Bombay while sanctioning the Composite Scheme, or by any other authorities under applicable law.

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the Transferor Company (herein referred to as the "**Board**", which term shall deem to include any committee or any person(s) which the Board may nominate or constitute to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, or to carry out such modifications/ directions as may be required and/or imposed and/or permitted by the High Court of Judicature at Bombay while sanctioning the Composite Scheme, or by any other authorities under applicable law."

2. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to Article II 37 of the Articles of Association of the Company and pursuant to the provisions of Sections 100 to 103 and other applicable provisions of the Companies Act, 1956, and Section 52 and 55 of the Companies Act, 2013 and all other applicable provisions of Companies Act, if any, read with rules made thereunder, including any statutory modification(s) or re-enactments thereof issued from time to time, and subject to sanction of the Composite Scheme of Arrangement of LKP FINANCE LIMITED, the Transferor Company with LKP SECURITIES LIMITED, the Transferee Company ("the Composite Scheme") by the Hon'ble High Court of Judicature at Bombay under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 and 55 of the Companies Act, 2013, and all other applicable provisions, if any, and subject to the same becoming effective and further subject to such conditions as may be prescribed by the Hon'ble High Court while granting such approvals, consents, permissions, sanctions, which the Board of Directors (hereinafter referred to as "Board" which term shall include any Director or any individual delegated with powers necessary for the purpose) of the Company may agree and accept, approval of the members be and is hereby accorded for the purpose of confirming and reduction / utilization / adjustment of Securities Premium account of the Company and Capital Redemption Reserve on account of buy back of Equity Shares of the Company as on Appointed Date in terms of the Clause 13 of Composite Scheme of Arrangement and consequently, the Company is not required to add words "And Reduced" as suffix to its existing name.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as may be necessary, proper or expedient without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have been given all necessary approvals thereto expressly by the authority of this resolution.”

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the equity shareholders of the Transferor Company will be held at the Indian Merchants' Chamber, IMC Building, 2nd Floor, Kilachand Conference Room, Churchgate, Mumbai 400 020, Maharashtra, India on Monday, the 11th day of January, 2016 at 11.30 a.m. (11.30 hours), at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Applicant Company, 203 Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra, India not later than 48 (forty eight) hours before the aforesaid meeting.

The Hon'ble High Court of Judicature at Bombay has appointed Mr. Mahendra V. Doshi, Executive Chairman of the Applicant Company, and in his absence, Mr. Pratik M. Doshi, the Director of the Applicant Company and in his absence Mr. Vineet Suchanti, the Director of the Applicant Company, to be the Chairman of the said meeting or at any adjournment(s) thereof.

A copy of each of the Composite Scheme of Arrangement, the Explanatory Statement under Section 173 and 393 of the Companies Act, 1956 read with Section 102 of the Companies Act, 2013, the other enclosures as indicated hereinabove, the Form of Proxy and Attendance Slip are enclosed.

Sd/-
Mahendra V. Doshi
Chairman appointed for the meeting

Place: Mumbai
Dated this 28th day of November, 2015
CIN: L65990MH1984PLC032831

Registered Office:
203 Embassy Centre,
Nariman Point,
Mumbai 400 021,
Maharashtra, India
E-Mail - girish_inani@lkpsec.com

Notes:

1. Only registered equity shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the said equity shareholders meeting. A registered equity shareholder of the Applicant Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and **such proxy need not be a member of the Applicant Company.**
2. The authorized representative of a body corporate or Foreign Institutional Investor ("FII") which is a registered equity shareholder of the Applicant Company may attend and vote at the meeting, provided a certified copy of the resolution of the board of directors or other governing body of the body corporate/FII, under Section 113 of the Companies Act, 2013, authorizing such representative to attend and vote at the meeting on behalf of such body corporate/FII is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the time fixed for the meeting.
3. All alterations made in the form of proxy should be initialled.
4. A registered equity shareholder or his proxy is requested to bring a copy of the notice to the meeting, and produce at the entrance of the meeting venue, the attendance slip duly completed and signed.
5. Registered equity shareholders who hold shares in dematerialised form are requested to bring their Client ID and DP ID for easy identification.
6. Registered equity shareholders are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the Register of Members of the Applicant Company/list of Beneficial Owners as received from the National Securities Depository Services Limited/Central Depository Services (India) Limited as on Monday, December 07, 2015 in respect of such joint holding, will be entitled to vote.

Encl: As above

LKP FINANCE LIMITED

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

Tel No : 91-022 40024785 Fax No : 91-022 22874787

CIN : L65990MH1984PLC032831

Website : www.lkpsec.com E-mail : girish_inani@lkpsec.com

NOTICE OF POSTAL BALLOT AND E-VOTING TO THE SHAREHOLDERS OF THE COMPANY

Notice pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof), Clause 35B of the equity listing agreements with BSE Limited and circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India (SEBI Circulars) for the approval of the Public Shareholders (as defined hereinafter) of LKP Finance Limited through postal ballot and e-voting for the resolutions set out hereinafter

To,
The Public Shareholders,
LKP Finance Limited

The Board of Directors of LKP Finance Limited, (the "Applicant Company" or "Transferor Company"), at its meeting held on May 18, 2015, approved a Composite Scheme of Arrangement under Sections 391-394 and other relevant provisions of the Companies Act, 1956/ 2013 and any amendments thereto or replacements thereof (the "Composite Scheme"), *inter alia*, providing for the transfer by way of a demerger on a going concern basis SEBI registered Intermediaries Business of the Company to LKP Securities Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 203, Embassy Centre, Nariman Point, Mumbai -400 021, Maharashtra, India, (the "Transferor Company"), subject to the sanction by the Hon'ble High Court of Judicature at Bombay and subject to the approvals, *inter alia*, by (i) the requisite majority of shareholders and creditors (where applicable) of the respective companies; (ii) the Securities and Exchange Board of India; and (iii) any other governmental/regulatory authority (if required).

On November 27, 2015, the Hon'ble High Court of Judicature at Bombay, in Company Summons for Direction No. 888 of 2015, directed the Applicant Company to convene and conduct a meeting of its equity shareholders on Monday, January 11, 2016 at 11.30 a.m. (11.30 hours) at Indian Merchants' Chamber, IMC Building, 2nd Floor, Kilachand Conference Room, Churchgate, Mumbai 400 020, Maharashtra, India ("Court Convened Meeting") for the purpose of considering, and if thought fit, to approve with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement, which meeting is being separately convened. In addition, as required by the Securities and Exchange Board of India ("SEBI"), the Applicant Company is seeking the approval of its Public Shareholders to the Composite Scheme by way of postal ballot and e-voting, as set out under circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India ("SEBI Circulars"). For this purpose the term "Public" shall have the meaning assigned to it in Rule 2(d) of the Securities Contract (Regulation) Rules, 1957 and the term "Public Shareholders" shall be construed accordingly.

The proposed resolutions for approving the Composite Scheme by way of postal ballot/ e-voting, along with the Explanatory Statement, are set out hereinafter for your consideration. **A Postal Ballot form is also enclosed.**

In compliance with the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and the equity listing agreement, the Public Shareholders of the Transferor Company may cast their votes either through the postal ballot form or electronically i.e. e-voting. It is clarified that the Public Shareholders can opt for only one mode of voting i.e., either through postal ballot or e-voting. It is further clarified that casting of votes by postal ballot or e-voting does not disentitle a Public Shareholder from attending the Court Convened Meeting.

The Applicant Company has entered into an agreement with National Securities Depository Services Limited ("NSDL") to provide the Public Shareholders of the Applicant Company, the platform to vote electronically. Public Shareholders desirous of voting electronically are requested to carefully read the instructions for e-voting enumerated in the notes to the Notice. Public Shareholders who wish to exercise their vote using postal ballot are requested to carefully go through the instructions printed overleaf and in the enclosed postal ballot form.

The voting including e-voting will commence on Thursday, December 10, 2015, at 9.00 a.m. and will end on Saturday, January 09, 2016 at 5.00 p.m. You are requested to carefully read the instructions printed in the postal ballot form and return the form duly completed and signed in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before 5.00 p.m. on Saturday, January 09, 2016. Postal Ballot forms/votes received after the said date will be treated as if the reply from such Public Shareholder has not been received.

NOTICE is hereby given to you to consider, and, if thought fit, approve the Composite Scheme. The SEBI Circulars provide that "the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it." This notice is given in terms of the said SEBI Circulars for consideration of the following resolution by postal ballot and e-voting pursuant to Section 110 of the Companies Act, 2013 read with relevant rules:

1. **To consider and, if thought fit, to pass the following resolutions with requisite majority as per the SEBI Circulars:**

"**RESOLVED THAT** pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/ or under the corresponding provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the observation letters issued by BSE Limited dated October 20, 2015, and relevant provisions of applicable laws, and subject to the approval of the High Court of Judicature at Bombay, the Composite Scheme of Arrangement (the "Composite Scheme"), amongst LKP Finance Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at 203 Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra, India (the "Transferor Company") and LKP Securities Limited a public limited company incorporated under the Companies

Act, 1956, having its registered office at 203 Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra, India (the “**Transferee Company**”) and their respective shareholders and creditors, be and is hereby approved and agreed to, with/without any modifications and/or conditions, if any, which may be required and/or imposed and/or permitted by the High Court of Judicature at Bombay while sanctioning the Composite Scheme, or by any other authorities under applicable law.

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the Transferor Company (herein referred to as the “**Board**”, which term shall deem to include any committee or any person(s) which the Board may nominate or constitute to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, or to carry out such modifications/ directions as may be required and/or imposed and/or permitted by the High Court of Judicature at Bombay while sanctioning the Composite Scheme, or by any other authorities under applicable law.”

2. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to Article II 37 of the Articles of Association of the Company and pursuant to the provisions of Sections 100 to 103 and other applicable provisions of the Companies Act, 1956, and Section 52 and 55 of the Companies Act, 2013 and all other applicable provisions of Companies Act, if any, read with rules made thereunder, including any statutory modification(s) or re-enactments thereof issued from time to time, and subject to sanction of the Composite Scheme of Arrangement of **LKP FINANCE LIMITED**, the Transferor Company with LKP SECURITIES LIMITED, the Transferee Company (“the Composite Scheme”) by the Hon’ble High Court of Judicature at Bombay under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 and 55 of the Companies Act, 2013, and all other applicable provisions, if any, and subject to the same becoming effective and further subject to such conditions as may be prescribed by the Hon’ble High Court while granting such approvals, consents, permissions, sanctions, which the Board of Directors (hereinafter referred to as “Board” which term shall include any Director or any individual delegated with powers necessary for the purpose) of the Company may agree and accept, approval of the members be and is hereby accorded for the purpose of confirming and reduction / utilization / adjustment of securities premium account of the Company and Capital Redemption Reserve on account of buy back of Equity Shares of the Company as on Appointed Date in terms of the Clause 13 of Composite Scheme of Arrangement and consequently, the Company is not required to add words “And Reduced” as suffix to its existing name.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as may be necessary, proper or expedient without being required to seek any further consent of approval of the Company or otherwise to the end and intent that they shall be deemed to have been given all necessary approvals thereto expressly by the authority of this resolution.”

By Order of the Board
For **LKP Finance Limited**
Name: Mahendra V. Doshi
Designation: Executive Chairman
DIN: 00123243

Place: Mumbai
Dated this 28th day of November, 2015

CIN : L65990MH1984PLC032831

Notes:

1. Consideration and approval of the Public Shareholders of the Applicant Company by postal ballot and e-voting is sought for the above resolutions.
2. The Explanatory Statement as required under Section 393 of the Companies Act, 1956 and Section 102 of the Companies Act, 2013 with the rationale for proposing the resolutions stated in the Notice above is annexed hereto.
3. All documents referred to in the accompanying Explanatory Statement are open for inspection at the Registered Office of the Applicant Company during office hours on all working days between 11 AM to 1.00 Noon upto the last date for receipt of the postal ballot form. The Registered Office of the Applicant Company is situated at 203 Embassy Centre, Nariman Point, Mumbai - 400 021, Maharashtra, India.
4. The Notice, together with the documents accompanying the same, is being sent to all the members by registered post acknowledgement due (and electronically by e-mail to those members who have registered their e-mail id with the Applicant Company/ Registrar and Share Transfer Agents/ NSDL/ CDSL), whose names appear in the Register of Members/list of Beneficial Owners as received from NSDL/CDSL as on Monday, November 30, 2015. The Notice will be displayed on the website of the Applicant Company (www.lkpsec.com) and of NSDL (www.nSDL.co.in).
5. The date of dispatch of the Notice and the Explanatory Statement along with the postal ballot papers will be announced through advertisement in the following newspapers: (i) “Free Press Journal”, Mumbai edition; and (ii) “ Nav Sakti ”, Mumbai edition, having wide circulation in the district where the registered office of Applicant Company is situated.
6. The Applicant Company has appointed Mr. Nishant Jawasa, Proprietor of M/s. Nishant Jawasa & Associates, Company Secretaries in practice as the Scrutinizer for conducting the Postal Ballot and e-voting process in a fair and transparent manner.
7. Voting rights shall be reckoned on the paid up value of the shares registered in the names of the members as on Monday, December 07, 2015. The resolutions shall be considered approved by the Public Shareholders in case the votes in favour of the resolutions are more than the votes cast against the resolution.

8. Public Shareholders have the option either to vote through the e-voting process or through the postal ballot form.
9. A postal ballot form along with self-addressed postage pre-paid envelope is also enclosed. Public Shareholders voting in physical form are requested to carefully read the instructions printed in the attached postal ballot form. Public Shareholders who have received the postal ballot notice by e-mail and who wish to vote through postal ballot form can download the postal ballot form from the Applicant Company's website (www.lkpsec.com) or seek duplicate postal ballot form from the Applicant Company. Members shall fill in the requisite details and send the duly completed and signed postal ballot form in the enclosed self-addressed postage pre-paid envelope to the Scrutinizer so as to reach the Scrutinizer before 5.00 p.m. on or before Saturday, January 09, 2016. Any postal ballot form received after the said date and time period shall be treated as if the reply from the member has not been received.
10. Incomplete, unsigned, improperly or incorrectly tick marked postal ballot forms will be rejected. There will be only 1 (one) postal ballot form for every registered folio/client ID irrespective of the number of joint members.
11. The postal ballot form should be completed and signed by the Public Shareholder (as per specimen signature registered with the Applicant Company and/or furnished by NSDL). In case, shares are jointly held, this form should be completed and signed by the first named member and, in his/her absence, by the next named member. Holder(s) of Power of Attorney ("POA") on behalf of a Public Shareholder may vote on the postal ballot mentioning the registration number of the POA with the Applicant Company or enclosing a copy of the POA authenticated by a notary. In case of shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/ authorisation giving the requisite authority to the person voting on the postal ballot form.
12. In compliance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Clause 35B of the equity listing agreements with BSE Limited and other applicable laws, as stated hereinabove, the Applicant Company is pleased to offer e-voting facility to its Public Shareholders holding equity shares as on December 07, 2015 being the cut off date, to exercise their right to vote electronically on the above resolutions. For this purpose, the Applicant Company has signed an agreement with NSDL for facilitating e-voting.
13. The instructions for Public Shareholders for voting electronically are as under:-

The Applicant Company has engaged National Securities Depository Limited ("NSDL") to provide e-voting facilities to the shareholder of the Applicant Company to exercise votes on the business given in Notice, through electronic voting system to those shareholders holding shares as on December 07, 2015 being the cut-off date fixed for determining voting rights of shareholders and entitled to participate in the e-voting process. The e-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on December 07, 2015.

The Postal Ballot Form, along with instructions for voting/e-voting are enclosed. The Applicant Company has appointed Mr. Nishant Jawasa, Proprietor of M/s. Nishant Jawasa & Associates, (Membership No. F- 6993 & CP No. 6557) Company Secretaries in practice as the Scrutinizer for conducting the Postal Ballot and e-voting process in a fair and transparent manner.
14. **Public Shareholders have the option to vote either through e-voting or through the physical postal ballot form. If a Public Shareholder has opted for e-voting, then he/she should not vote by physical postal ballot form also and vice-versa. However, in case Public Shareholders cast their vote both via physical postal ballot form and e-voting, then voting through e-voting shall prevail and voting done by postal ballot shall be treated as invalid.**
15. The Scrutinizer will submit his report to the Chairman of the meeting after completion of the scrutiny of the postal ballots including e-votes submitted. The Scrutinizer's decision on the validity of the vote (including e-votes) shall be final. Results of the postal ballot including e-voting will be announced on or before Wednesday, January 13, 2016 at the registered office of the Applicant Company situated at 203, Embassy Centre, Nariman Point, Mumbai – 400 021, Maharashtra, India. The results, together with the Scrutinizer's Report, will be displayed at the registered office of the Applicant Company and on the website of the Applicant Company (www.lkpsec.com), besides being communicated to the BSE Limited.
16. Any query in relation to the resolution proposed by postal ballot may be addressed to Mr. Girish B. Innani, General Manager (Legal) & Company Secretary of LKP Finance Limited, or through email to girish_inani@lkpsec.com

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

(ORDINARY ORIGINAL CIVIL JURISDICTION)

COMPANY SUMMONS FOR DIRECTION NO. 888 of 2015

In the matter of the Companies Act, 1956 and other relevant provisions of Companies Act, 2013;

AND

In the matter of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956 and read with Section 52 and 55 and other relevant provisions of the Companies Act, 2013;

AND

In the matter of the Scheme of Arrangement of LKP Finance Limited, the Transferor Company/ Demerged Company with LKP Securities Limited the Transferee Company/ Resulting Company.

LKP Finance Limited, }
a company incorporated under the Companies Act, 1956 }
having its registered office at 203 Embassy Centre, }
Nariman Point, Mumbai 400 021, Maharashtra, India }
} ... Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 TO (1) THE NOTICE OF THE COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF LKP FINANCE LIMITED AND (2) THE NOTICE FOR POSTAL BALLOT AND E-VOTING IN THE MANNER SET OUT UNDER SECURITIES AND EXCHANGE BOARD OF INDIA CIRCULAR NO. CIR/CFD/DIL/5/2013 DATED FEBRUARY 4, 2013 READ WITH SECURITIES AND EXCHANGE BOARD OF INDIA CIRCULAR NO. CIR/CFD/DIL/8/2013 DATED MAY 21, 2013

EXPLANATORY STATEMENT FOR RESOLUTION NO. 1

1. Pursuant to an order dated November 27, 2015, passed by the Hon'ble High Court of Judicature at Bombay, in Company Summons for Direction No. 888 of 2015 ("**Order**"), a meeting ("**Court Convened Meeting**") of the equity shareholders of LKP Finance Limited (the "**Applicant Company**" or "**Transferor Company**") is being convened at Indian Merchants' Chamber, IMC Building, 2nd Floor, Kilachand Conference Room, Churchgate, Mumbai 400 020, Maharashtra, India on Monday, January 11, 2016 at 11.30 a.m. (11.30 hours) for the purpose of considering, and if thought fit, approving, with or without modification, the Composite Scheme of Arrangement amongst, the Transferor Company and LKP Securities Limited, a public limited company incorporated under the provisions of the Act, and having its registered office at 203, Embassy Centre, Nariman Point, Mumbai - 400 021, Maharashtra, India (the "**Transferee Company**") and their respective shareholders and creditors (the "**Composite Scheme**") *inter alia* providing for the transfer by way of a demerger on a going concern basis of SEBI registered Intermediaries Business of the Company to the Transferee Company various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Transferee Company. A copy of the Composite Scheme which has been, *inter alia*, approved by the Audit Committee and the Board of Directors of the Transferor Company at their respective meetings held on May 18, 2015, is enclosed as **Annexure 1**. The proposed Composite Scheme is deemed to form part of this statement.
2. In terms of the said Order, the quorum for the Court Convened Meeting shall be 30 (thirty) members present in person. Further in terms of the said Order, the High Court of Judicature at Bombay, has appointed Mr. Mahendra V. Doshi , Executive Chairman of the Applicant Company, and in his absence, Mr. Pratik M. Doshi , the Director of the Applicant Company and in his absence Mr. Vineet Suchanti, the Director of the Applicant Company, as the Chairman for the purposes of the Court Convened Meeting.
3. This statement explaining the terms of the Composite Scheme is being furnished as required under Section 393 of the Act, read with Section 102 of the Companies Act, 2013.
4. Apart from the Court Convened Meeting of the equity shareholders of the Transferor Company, the approval of the Public Shareholders of the Transferor Company is also separately being sought for the Composite Scheme by the Transferor Company, as required by the Securities and Exchange Board of India ("**SEBI**"), in the manner set out in SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 (the "**SEBI Circulars**"). For this purpose the term "**Public**" shall have the meaning assigned to it in Rule 2(d) of the Securities Contract (Regulation) Rules, 1957 and the term "**Public Shareholders**" shall be construed accordingly. In terms of the Composite Scheme, the Composite Scheme shall be acted upon only if the votes cast by the Public Shareholders of the Transferor Company in favour of the proposal are more than the votes cast by the Public Shareholders against the proposal.
5. In accordance with the provisions of the Act, the Composite Scheme shall be acted upon only if a majority in number representing three fourths in value of the equity shareholders of the Transferor Company, present and voting at the Court Convened Meeting in person or by proxy, agree to the Composite Scheme. Further as stated hereinabove, the Composite Scheme shall be acted upon only if the votes cast by the Public Shareholders of the Transferor Company in favour of the proposal are more than the votes cast by the Public Shareholders against the proposal, as set out in the SEBI Circulars.
6. In terms of the Order dated November 27, 2015, passed by the High Court of Judicature at Bombay, in Company Summons for Direction No. 888 of 2015, if the entries in the books/registers of the Transferor Company in relation to the value of the shares are disputed, the Chairman shall determine the value for the purposes of the Court Convened Meeting and his decision in that behalf shall be final.

Particulars of the Transferor Company

7. LKP FINANCE LIMITED, (hereinafter referred to as “the Transferor Company”) The Applicant Company was incorporated under the Companies Act, 1956 on 5th day of May, 1984 as ‘Elkaypee Merchant Financing Private Limited’ in Bombay, Maharashtra. The name was changed to ‘LKP Merchant Financing Private Limited’ on 13th day of February, 1986 . Further the name of the company was subsequently changed to ‘LKP Merchant Financing Limited’ on 13th day of February, 1986. The name was subsequently changed to ‘LKP Finance Limited’ on 27th day of August, 2008.
8. The Registered office of the Transferor Company is situated at 203, Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra.
9. The Share Capital of the Transferor Company as on the 31st day of March, 2015 is as under:

Authorized	Amount (Rs.)
2,00,00,000 Equity Shares of Rs. 10/- each.	20,00,00,000
10,00,000 Redeemable Preference Share of Rs. 100/- each.	10,00,00,000
TOTAL	30,00,00,000
Issued, Subscribed & Paid-up	
1,21,98,023 Equity Shares of Rs. 10/- each	12,19,80,230
TOTAL	12,19,80,230

As on date, there is no change in the capital structure of the Transferor Company/ Demerged Company.

10. The objects of the Transferor Company are set out in the Memorandum of Association. The Transferor Company commenced its business in the year 1986 and has been carrying on the business of financing, to underwrite, sub- underwrite, to invest in and acquire and hold, sell buy or otherwise deal in shares, debentures, debenture stocks, bonds and securities. Some of the objects of the Transferor Company, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

III.

1. To carry on the business of Merchant Financing to underwrite Sub- underwrite to invest in and acquire and hold sell buy or otherwise deal in shares debentures debenture stocks bonds units cash certificates obligations and securities issued or guaranteed by Indian or Foreign Governments States Dominions Sovereigns Municipalities or public Authorities or bodies and shares stocks debentures- stock bonds obligations and securities issued and guaranteed by any company corporation firm or person whether incorporated or established in India or elsewhere.
2. To act as financial consultants management consultants and provide advices services consultancy in various fields such as general administrative secretarial commercial financial leasing hire purchase legal economic labour industrial public realtors scientific technical direct and indirect taxation and other levies statically accountancy quality control and data processing.
3. To take part in the formation supervision or control of the business or operations of any company or undertaking and for that purpose to act as an issue House share Transfers Agents Secretaries Financial Advisers or Technical Consultants or in any other capacity and to appoint and remunerate any Directors Administrators or Accountants or other Experts or Agents.
- 3A. To carry on the business of leasing and hire purchase finance and to provide on lease or on hire purchase all types of industrial and office plant equipment machinery vehicles and buildings.

Particulars of the Transferee Company

11. LKP SECURITIES LIMITED, (hereinafter referred to as “The Transferee Company”) was incorporated under the Companies Act, 1956 on 3rd day of August, 1994 under the Companies Act, 1956 under the name and style of ‘LKP SECURITIES LIMITED’ in Mumbai.
12. The Registered office of the Transferee Company is situated at 203, Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra.
13. The Share Capital of the Transferee Company as on the 31st day of March, 2015 is as under:

Authorized	Amount (Rs.)
3,00,00,000 Equity Shares of Rs. 2/- each.	6,00,00,000
29,00,000 9% Redeemable Preference Share of Rs. 100/- each.	29,00,00,000
TOTAL	35.00.00.000
Issued, Subscribed & Paid-up	
2,62,41,000 Equity Shares of Rs. 2/- each	5,24,82,000
29,00,000 9% Redeemable Preference Share of Rs. 100/- each	29,00,00,000
TOTAL	34.24.82.000

14. The Transferee Company is subsidiary of the Transferor Company. The Transferor Company holds 99.86% of the Equity Share Capital and 100% Preference Share Capital of the Transferee Company.
15. The objects of the Transferee Company are set out in the Memorandum of Association. The Transferee Company commenced its business in the year 1994 and has been carrying on the business of Shares and Stock brokers, dealers and agents in equity shares, preference shares, stocks, bonds, debentures and securities. Some of the objects of the Transferee Company, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

- III.
1. To carry on the business of Shares and Stock brokers, finance brokers, dealers and agents in equity shares, preference shares, stocks, bonds, debentures, debenture stock, government securities including governments, states, Dominions, Sovereigns, Municipalities, Public Authorities, Bodies, Sovereign Rulers, Commissioners or Trusts and other Securities of all types and kinds.
 2. To Carry on promotion and in particular to form constitute, float, lend money to control, negotiate loans and underwriting contracts, act as managing and issue brokers, registrar and transfer agents, registrars to the issue and underwriters, prepare project and feasibility reports for and behalf of any companies, associations, or undertakings.

Description and Rationale for the Composite Scheme of Arrangement

16. The Transferor Company is Holding Company of the Transferee Company. The management of the Companies are of the opinion that the Scheme of Arrangement will lead to synergies of operations and more particularly the following benefits:
 - a. Simplified corporate structure providing the shareholders of Transferor Company direct participation in SEBI Registered Intermediaries Business;
 - b. The proposed segregation will create enhanced value for shareholders and allow a focused strategy in operations, which would be in the best interest of all the stakeholders. The arrangement proposed by this Scheme will enable investors to hold investments in businesses with different investment characteristics thereby enabling them to select investments which best suit their investment strategies and risk profiles.
 - c. The nature of risk and competition involved in each of the business run by Transferor Company is distinct from others and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be handled and managed. The proposed Scheme will enable Transferor Company to re-organize and segregate its SEBI Registered Intermediaries activities by transferring its Demerged Undertaking into Transferee Company.

Corporate Approvals

17. The proposal for the Composite Scheme of Arrangement, including the proposed demerger of the SEBI Registered Intermediaries Business of the Transferor Company into the Transferee Company, was placed before the Audit Committee of the Board of Directors of the Transferor Company at its meeting held on May 18, 2015. The Audit Committee of the Board of Directors of the Transferor Company took into account the valuation report, dated May 18, 2015, issued by SSPA & Co. Chartered Accountant, acting as valuer's, to the respective Boards of Directors of the Transferor Company and the Transferee Company (the "**Valuation Report**"). The Valuation Report recommended that the share entitlement ratio for the demerger of the SEBI Registered Intermediaries Business of the Transferor Company into the Transferee Company pursuant to the Composite Scheme of Arrangement should be 6 (six) equity shares of the Transferee Company (of Rs. 2/- each fully paid up) for every 1 (one) equity shares of the Transferor Company (of Rs. 10/- each fully paid up).

The Audit Committee of the Board of Directors of the Transferor Company also took into account the fairness opinion, dated May 18, 2015, issued by Hem Securities Limited, acting as the merchant banker to the Board of Directors of the Transferor Company (the "**Fairness Opinion**"), on the Share Entitlement Ratios as set out in the Valuation Report being fair to the shareholders of the Transferor Company. A copy of the Fairness Opinion is enclosed as **Annexure 2**. On the basis of its evaluation and independent judgment, the Audit Committee has approved the Share Entitlement Ratio and recommended the Composite Scheme of Arrangement to the Board of Directors of the Transferor Company.

18. The Board of Directors of the Transferor Company, at its meeting held on May 18, 2015, took into account the recommendation of the Share Entitlement Ratio as set out in the Valuation Report and the Fairness Opinion and the independent recommendations of its Audit Committee.
19. Based on the aforesaid advise/opinion and after considering the facts, circumstances and benefits of the Composite Scheme and on the basis of their own independent judgment, the Board of Directors of the Transferor Company has, at its meeting held on May 18, 2015, come to the conclusion that the Share Entitlement Ratio is fair and reasonable and, has approved the Share Entitlement Ratio and the Composite Scheme of Arrangement.
20. The Board of Directors of the Transferee Company, at its meeting held on May 18, 2015, has, based on the recommendation of the Share Entitlement Ratio as set out in the Valuation Report and the fairness opinion of Hem Securities Limited, come to the conclusion that the Share Entitlement Ratio is fair and reasonable and has also approved the Composite Scheme of Arrangement.

Salient Features of the Composite Scheme of Arrangement

21. The salient features of the Composite Scheme of Arrangement are as follows:

DEFINITIONS

In the Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- i) "**Act**" means the Companies Act, 1956, rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof for the time being in force and wherever required shall include the corresponding provisions of the Companies Act, 2013.
- ii) "**Appointed Date**" means 1st April, 2015 or such other date as may be approved by the High Court of Judicature at Bombay or such other competent authority.
- iii) "**Board**" means board of directors of the Transferor Company or the Transferee Company, as the case may be;

- iv) **“Book Value”** means the value(s) of assets and liabilities of the Demerged Undertaking, as appearing in the books of accounts of the Demerged Company at the close of business as on the day immediately preceding the appointed date.
- v) **“Bombay High Court”** or **“Court”** or **“High Court”** means the High Court of Judicature at Bombay or the National Company Law Tribunal to whom this Scheme of Arrangement in its present form is submitted for sanctioning of the Scheme under Sections 391 to 394 read with Sections 100 to 103 of the Act and Sections 52 and 55 of the Companies Act, 2013.
- vi) **“Encumbrance”** means any options, pledge, mortgage, lien, security, interest, claim, charge, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever.
- vii) **“Effective Date”** means the latter of the dates on which the certified copies of the Orders sanctioning this Scheme, passed by the High Court of Judicature at Bombay or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and the Transferee Company. Any references in this Scheme to the date of ‘coming into effect of this Scheme’ or ‘effectiveness of this Scheme’ or ‘Scheme taking effect’ shall mean the Effective Date;
- viii) **“Demerged Undertaking”** means all businesses, activities, properties and liabilities of whatsoever nature and kind and wheresoever situated, pertaining and/or relating to LKPFL’s strategic investment in its subsidiary, namely LKPSL through which LKPFL carries on SEBI Registered Intermediaries Business and its allied activities, including specifically the following:
- (i) All the assets and liabilities of the Transferor Company pertaining to SEBI registered Intermediaries business;
 - (ii) Notwithstanding the generality of the provisions of sub-clause (i) above, the Demerged Undertaking shall include:
 - (a) all investment of LKPFL in the equity share capital and preference share capital of LKPSL.
 - (b) all assets (whether movable or personnel, corporeal or incorporeal present, future, contingent, tangible or intangible), pertaining to the SEBI Registered Intermediaries Business including but without being limited to furniture, fixtures, office equipment, appliances, accessories, vehicles, sundry debtors, deposits, provisions, advances, receivables, funds, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements, benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses, explosive licenses, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements, and all the rights, titles, interests, goodwill, benefit entitlements and advantages, contingent rights or benefit belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company with respect to SEBI Registered Intermediaries Business.
 - (iii) All liabilities including contingent liabilities pertaining to/ arising out of the activities or operations of the SEBI Registered Intermediaries Business including specific loans and borrowings (if any), term loans from banks and financial institutions (if any), bank overdrafts (if any), working capital loans and liabilities, whether secured or unsecured;
 - (iv) All permanent employees of the Transferor Company pertaining to the SEBI Registered Intermediaries Business;
 - (v) All earnest monies, security deposits, payment against warrants, or other entitlements, if any, in connection with or relating to the SEBI Registered Intermediaries Business;
 - (vi) Powers, authorities, licenses, including registrations, quotas, permits, allotments, approvals, consents, issued by governmental or regulatory authorities and belong to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company with respect to the SEBI Registered Intermediaries Business;
 - (vii) Cash advances made by the Transferor Company in relation to the SEBI Registered Intermediaries Business;
 - (viii) Cash, bank balance and deposits of the Transferor Company with banks, government, semi-government, local and other authorities and bodies with respect to the SEBI Registered Intermediaries Business;
 - (ix) It is clarified that SEBI Registered Intermediaries Business of the Transferor Company shall not include any employees, assets, liabilities, rights and obligations belonging to and forming part of the Remaining Business of Transferor Company.
- Any reference in the scheme to the date of **“coming into effect of this Scheme”** or **“upon the scheme becoming effective”** shall mean the Effective Date.
- ix) **“IT Act”** means Income Tax Act, 1961 rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof for the time being in force.
- x) **“Record Date”** means date or dates to be fixed by the Board of Directors or duly authorised Director or Committee of Directors of the Board of Directors of Transferee Company for the purpose of issue and allotment of equity shares under this Scheme.
- xi) **“Remaining Business”** means all the undertakings, businesses, activities and operations of LKPFL other than Demerged Undertaking upon sanction of this Scheme.
- xii) **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in accordance with section 2(19AA) of the Income-tax Act, 1961, in its present form or with any modification(s) / amendment(s), if any, as may be approved, imposed or directed by the High Court or any other appropriate authority sanctioning this Scheme.
- xiii) **“Stock Exchange”** means the stock exchanges on which the shares of LKP Finance Limited are listed.
- xiv) **“The Transferor Company”** or **“LKPFL”** or **“Demerged Company”** shall mean LKP Finance Limited a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at 203, Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra.

- xv) **“The Transferee Company” or “the Resulting Company” or “LKPSL”** means LKP Securities Limited a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at 203, Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra.

All terms and words not defined in the Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the IT Act, the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

Operation of the Composite Scheme of Arrangement

The Composite Scheme of Arrangement shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

Transfer and Vesting of Demerged Undertaking of LKPFL into LKPSL

- 1 Upon the coming into the effect of this Scheme with effect from the Appointed Date and subject to the provisions of this scheme in relation to the mode of transfer, the Demerged Undertaking shall without any further act, instrument, deed, matter or thing, be demerged from LKPFL and transferred into LKPSL so as to become as and from the Appointed Date, the estate, properties, assets, rights, claims, title, interests and authorities of LKPSL, pursuant to Section 394(2) of the Act.
- 2 The transfer as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, over or in respect of all the aforesaid assets or any part thereof of the Transferor Company. Provided however, that any reference to any security documents or arrangements, to which the Transferor Company, or either of them is a party, or to the assets of the Transferor Company which it has offered or agreed to be offered as security for any financial assistance or obligations, to the secured creditors of the Transferor Company, shall be construed as reference only to the assets pertaining to the assets of the Transferor Company as is vested in the Transferee Company by virtue of the aforesaid clause, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any of the assets or to any of the other units or division of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditors and subject to the consents and approval of the existing secured creditors of the Transferee Company, if so required.

Provided always that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of this Scheme and the Transferee Company shall not be obliged to create any further or additional security therefore after the Scheme has become effective or otherwise.

- 3 In respect of such of the assets of the Demerged Undertaking as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery and/or by endorsement, and delivery, the same shall stand transferred by LKPFL to LKPSL upon the coming into the effect of this Scheme pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same and shall become the property of the LKPSL as an integral part of the Demerged Undertaking.
- 4 In respect of such of the assets other than those dealt with in clause 4.3 above, the same shall as more particularly provided in Clause 4.1 above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date, pursuant to the provisions of Section 394 and other applicable provisions of the said Act.
- 5 The Transferor Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any other party to any contract or arrangement to which the Transferor Company or either of them is party to any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferor Company shall, under the provision of this Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Companies or either of them and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 6 With effect from the Appointed Date, all the said liabilities pertaining to Demerged Undertaking of the Transferor Company shall also be and stand transferred or deemed to be transferred, without further act, instrument, deed, to the Transferee Company, pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferor Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause.

CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 7 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, incentives, statutory licenses/ permissions, approvals, engagements and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking to which the Transferor Company is a party and which have not lapsed and are subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or notations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

LEGAL PROCEEDINGS

- 8 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising at or after the Appointed Date and relating to the Demerged Undertaking of the Transferor Company shall be continued and/or enforced by or against the Transferor Company until the Effective Date. As and from the Effective Date, the said legal proceedings shall be continued and enforced by or against

the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

Additionally, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of this scheme of arrangement of the Transferor Company with the Transferee Company or anything contained in the Scheme.

- 9 On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Transferor Company in the same manner and to the same extent as would or might have been initiated by the Transferor Company.

EMPLOYEES

- 10 All permanent employees of the Demerged Undertaking and those permanent employees that are determined by the Board of Directors of the Transferor Company, to be substantially engaged in or in relation to the Demerged Undertaking, in service on the Effective Date shall be deemed to have become the employees of the Transferee Company with effect from the Appointed Date without any interruption or break in their service as a result of the transfer of the Demerged Undertaking to the Transferee Company. The terms and conditions of their employment with the Transferee Company with effect from the Effective Date shall not be less favourable than those applicable to them with reference to the Demerged Undertaking on the Effective Date.
- 11 Transferee Company agrees that the services of all such employees as mentioned in Clause 10 above with Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration, contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 12 The existing government provident fund, government superannuation fund and LIC gratuity fund, if any, of which the employees relating to Demerged Undertaking of the Transferor Company are members or beneficiaries along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued to be administered by Transferee Company for the benefit of such employees on the same terms and conditions. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of Transferor Company would be continued to be deposited in the transferred provident fund, superannuation fund and gratuity fund account by Transferee Company.

CANCELLATION OF EQUITY SHARE CAPITAL AND PREFERENCE SHARE CAPITAL OF LKPSL HELD BY LKPFL:

- 13 Upon the Scheme becoming effective, the Investment held by LKPFL in the equity share capital and preference share capital of LKPSL shall stand cancelled. Accordingly, the equity share capital and preference share capital of LKPSL shall stand reduced to the extent of face value of shares held by LKPFL in LKPSL;
- 14 Such reduction of share capital of LKPSL as provided in Clause 13 above shall be effected as a part of the Scheme and the Orders of the Court sanctioning the Scheme shall be deemed to be an Order under Sections 100 to 102 of the Act confirming such reduction of share capital of LKPSL.

ISSUE OF SHARES BY THE TRANSFEE COMPANY

- 15 The provision of this Clause of the Scheme shall operate notwithstanding anything contrary in this Scheme or in any other Instrument, deed or writing.
- 16 Upon the coming into effect of the Scheme and in consideration of the transfer & vesting of Demerged Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company, whose name is registered in the Register of Members of the Transferor Company on the Record Date or his/her/its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 6 (six) equity shares of the face value of Rs. 2/- (Rupees Two) each (credited as fully paid-up) of the Transferee Company for every 1(one) equity share of the face value of Rs. 10/- (Rupees Ten) each (credited as fully paid-up) held by such member or his/her/its respective legal heirs, executors or successors in the Transferor Company.
- 17 The ratio in which equity shares of the Transferee Company are to be issued and allotted to the members of the Transferor Company is herein referred to as the "Share Entitlement Ratio".
- 18 The shares issued to the members of the Transferor Company by the Transferee Company pursuant to Clause 16 above shall be issued in dematerialised form by the Transferee Company, unless otherwise notified in writing by the members of the Transferor Company to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares shall be issued to such members in dematerialised form provided that the members of the Transferor Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. It is only thereupon that the Transferee Company shall issue and directly credit the dematerialised shares to the account of such member with the shares of the Transferee Company. In the event that the Transferee Company has received notice from any member that shares are to be issued in physical form or if any member has not provided the requisite details relating to his/ her /its account with a depository participant or other confirmations as may be required, then the Transferee Company shall issue shares in physical form to such member.
- 19 In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Transferor Company and in relation to the shares issued by the Transferee Company after the effectiveness of the Scheme. The Board of Directors of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transaction period.

- 20 Equity shares to be issued by the Transferee Company pursuant to Clause 16 above in respect of such of the equity shares of the Transferor Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Transferee Company.
- 21 The issue and allotment of equity shares by Transferee Company to the Shareholders of Transferor Company as provided in the Scheme is the integral part thereof and shall be deemed to have been carried out as if the procedure laid down under Section 62 and any other applicable provisions of the Act were duly complied with.
- 22 LKPSL shall, if and to the extent required to, apply for and obtain any approvals from the concerned regulatory authorities including the Reserve Bank of India, for the issue and allotment of new equity shares by LKPSL to the non-resident equity shareholders of LKPFL.

LKPSL shall comply with the relevant and applicable rules and regulations including the provisions of Foreign Exchange Management Act, 1999, if any, to enable LKPSL to issue and allot new equity shares to the non-resident equity shareholders of LKPFL.
- 23 The equity shares issued and allotted by the Transferee Company in terms of this Scheme shall rank *pari passu* in all respects with the then existing equity shares of the Transferee Company.
- 24 Issuance of New equity shares shall be made pursuant to circulars issued by the Securities and Exchange Board of India bearing no CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 and in compliance with the requisite formalities under applicable laws to be listed and/or admitted to the relevant stock exchange(s) where the existing equity shares of the Demerged Company are listed and/or admitted to trading. The shares allotted pursuant to the Scheme shall remain frozen in the Depository System till listing/trading permission is given by the designated stock exchange.
- 25 There will be no change in the shareholding pattern or control in LKPSL between the record date and the listing.
- 26 The Transferee Company shall, if and to the extent required apply for and obtain any approval from the concerned regulatory authorities for the issue and allotment by the Transferee Company of new Equity Shares to the members of the Transferor Company.
- 27 The Transferee Company will endeavour that the equity shares of the Company issued in terms of Clause 16 above be listed and/or admitted to trading on the relevant stock exchange/s, whether in India or abroad, where the equity shares of the Transferor Company are presently listed and/or admitted to trading. The Transferee Company shall enter in such agreement and issue such confirmation and/or undertaking as may be necessary in accordance with the applicable laws or regulations, for the above purpose. But on such formalities being fulfilled all such stock exchanges shall list and/or admit the said equity shares also for the purpose of trading. The Company would further endeavour that the new equity shares along with existing shares are admitted for trading in dematerialized mode and necessary agreement would be entered for the said purpose with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The NSDL and CDSL shall admit the shares of the Company for dematerialization. All the statutory and government authorities shall give necessary approval and permission forthwith in this regard subject to fulfilment of their requirements.
- 28 LKPSL shall take necessary steps to increase or alter, (if necessary), its authorized share capital suitably to enable it to issue and allot new equity shares required to be issued and allotted by it under this Scheme;
- 29 The approval of this Scheme by the shareholders of LKPFL and LKPSL under Sections 391 to 394 read with Sections 100 to 103 of the Act and Sections 52 and 55 of the Companies Act, 2013 shall be deemed to have the approval under sections 13, 14 and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 30 The Transferee company has submitted an Undertaking to SEBI that it will comply with the provision of Circular CIR/CFD/DIL/5/2013 dated 4th February, 2013 pertaining to the lock- in requirement of shares of LKP Securities Ltd./ Transferee Company.
- 31 The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/ trading permission is given by the designated stock exchange and there shall be no change in the shareholding pattern of LKP Securities Limited between the record date and the listing which may affect the status of approval.

Accounting Treatment

- 32 Part III Clause 13 of the Composite Scheme provides for the accounting treatment in the books of the Transferor Company on the effectiveness of the Composite Scheme and with effect from the Appointed Date as follows:
 - A. Upon the Scheme coming into effect, the Assets & Liabilities pertaining to the Demerged Undertaking of LKPFL being transferred to LKPSL shall be at values appearing in the books of account of LKPFL as on the Appointed Date which are set forth in the closing balance sheet of LKPFL as of the close of business hours on the date immediately preceding the Appointed Date.
 - B. The difference between the value of the assets and the liabilities of the Demerged Undertaking transferred pursuant to the Scheme shall be adjusted in the following seriatim (i) against Securities Premium Account, (ii) remaining balance if any will be then appropriately adjusted against Capital Reserves - Share Warrants moneys forfeited account (iii) balance if any shall be adjusted against appropriately Capital redemption reserve on account of buy back of equity shares and (iv) remaining balance if any shall be appropriately adjusted against General Reserve. The balance of the Securities Premium Account, Capital Reserves - Share Warrants moneys forfeited account, Capital redemption reserve on account of buy back of equity shares and General Reserve, as the case may be, shall stand reduced to that extent. It is further clarified that Special Reserve Fund as per RBI guidelines for NBFC's will not be impacted on account of this Scheme.
 - C. Upon the Scheme coming into effect and upon issue of shares by LKPSL to the equity shareholders of LKPFL, and cancellation of the equity and preference share capital of LKPSL as held by LKPFL, the amount of such investment in the books of LKPFL shall be written off in the following seriatim (i) against Securities Premium Account, (ii) remaining balance if any will be then appropriately adjusted against Capital Reserves - Share Warrants moneys forfeited account (iii) balance if any shall be adjusted against appropriately Capital

redemption reserve on account of buy back of equity shares and (iv) remaining balance if any shall be appropriately adjusted against General Reserve. The balance of the Securities Premium Account, Capital Reserves - Share Warrants moneys forfeited account, Capital redemption reserve on account of buy back of equity shares and General Reserve, as the case may be, shall stand reduced to that extent.

- D. The reduction, in the Securities Premium Account of LKPFL, shall be effected as an integral part of the Scheme in accordance with the provisions of section 52 of the Companies Act, 2013 read with Sections 78, 80, 100 to 103 of the Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the order of under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction as mentioned above, LKPFL, shall not be required to add "and reduced" as a suffix to its name and LKPFL shall continue in its existing name.
- 33 Part III Clause 14 of the Composite Scheme provides for the accounting treatment in the books of the Transferee Company on the effectiveness of the Composite Scheme and with effect from the Appointed Date as follows:
- A. Upon the Scheme coming into effect, LKPSL shall record the assets and liabilities of the Demerged Undertaking transferred to and vested in LKPSL pursuant to this Scheme, at the values appearing in the books of account of LKPFL as on the Appointed Date which are set forth in the closing balance sheet of LKPFL as of the close of business hours on the date immediately preceding the Appointed Date.
- B. Upon the scheme being effective, LKPSL shall credit to the Equity Share Capital account in its books of accounts, the aggregate face value of the new equity shares issued and allotted to the equity shareholders of LKPFL as per clause 16 above.
- C. Upon the scheme being effective the existing shareholding of LKPFL in LKPSL shall stand cancelled. Upon cancellation, LKPSL, shall debit to its Equity Share Capital Account and Preference Share Capital Account, the aggregate face value of existing equity shares and aggregate face value of existing preference shares, respectively, held by LKPFL in LKPSL which stands cancelled hereof.
- D. The difference being the excess of Net Asset Value of the Demerged Undertaking, transferred to and recorded by LKPSL, over the face value of the new equity shares allotted as per Clause 16 above, shall be credited to Capital Reserve (arising on cancellation of Preference Shares) of LKPSL. The shortfall, if any, shall be debited to Goodwill Account of LKPSL.
- E. The cancellation as mentioned under clause 33 C above, which amounts to reduction of share capital of LKPSL, shall be effected as an integral part of the Scheme in accordance with the provisions of Section 78,80,100 to 103 of the Act and same does not involve either diminution of liability in respect of unpaid share capital or payment of paid up share capital, and the provisions of Section 101 of the Act are not applicable and the order of the High Court sanctioning the Scheme shall also be deemed to be an order under Section 102 of the Act confirming such reduction. Notwithstanding the reduction as mentioned above, LKPSL shall not be required to add "and reduced" as a suffix to its name and LKPFL shall continue in its existing name.

Approvals and Actions Taken in relation to the Composite Scheme of Arrangement

22. The BSE Limited was appointed as the designated stock exchange by the Transferor Company and the Transferee Company, respectively, for the purpose of coordinating with the SEBI, pursuant to the SEBI Circulars. The Transferor Company has received observation letter regarding the Composite Scheme Arrangement from the BSE Limited on October 20, 2015. In terms of the observation letter dated October 20, 2015, BSE Limited conveyed their no adverse observations/ no objection for filing the Composite Scheme with the High Courts. Copies of the observation letter dated October 20, 2015 received from the BSE Limited is enclosed as **Annexure 3**. The Transferee Company has received prior approval letters from BSE Limited – dated 20th August 2015, National Stock Exchange of India - dated 18th August 2015 and Metropolitan Stock Exchange of India Limited – dated 30th July 2015.
23. The Composite Scheme was filed by the Transferor Company and Transferee Company respectively with the High Court of Judicature at Bombay on October 21, 2015,
24. As required by the SEBI Circulars, the Transferor Company has filed the Complaints Report with the BSE Limited on July 24, 2015. This report indicates that the Transferor Company received nil complaints. A copy of the complaints report dated July 24, 2015 is enclosed as **Annexure 4**.

Other Matters

25. The financial position of the Transferee Company will not be adversely affected by the Composite Scheme. The Transferee Company will be able to meet and pay its debts as and when they arise and become due in the ordinary course of business. The rights and interests of the members and the creditors (secured and unsecured) of the Transferor Company, or the Transferee Company will not be prejudiced by the Composite Scheme since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner.
26. Pursuant to the Composite Scheme, the equity shares of the Transferee Company that are proposed to be issued to the equity shareholders of the Transferor Company, in the prescribed Share Entitlement Ratios are to be listed on the same stock exchange on which the equity shares of the Transferor Company are listed, i.e. the BSE Limited.
27. No investigation proceedings have been instituted or are pending in relation to the Transferor Company under Sections 210 to 229 or Chapter XIV of the Companies Act, 2013 or under the corresponding provisions of the Act. No winding up petitions have been filed or are pending against the Transferor Company.

28. The details of the directors of the Transferor Company as on November 1, 2015 are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age (Years)
1	Mr. Mahendra V. Doshi (DIN: 00123243)	Executive Chairman	May 05, 1984	66
2	Mr. Pratik M. Doshi (DIN: 00131122)	Non – Executive Director	October 26, 2009	35
3	Mr. Vineet N. Suchanti (DIN: 00004031)	Independent Director	July 26, 2001	46
4	Mrs. Anjali Suresh (DIN: 02545317)	Independent Director	January 29, 2015	50
5	Mr. Sajid Mohamed (DIN: 06878433)	Additional Director	August 03, 2015	36
6	Mr. Sayanta Basu (DIN: 02128110)	Nominee Director	October 26, 2009	49

29. The details of the directors of the Transferee Company as on November 1, 2015 are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age (Years)
1	Mr. Mahendra V. Doshi (DIN: 00123243)	Non -Executive Director	August 03, 1994	66
2	Mr. Pratik M. Doshi (DIN: 00131122)	Whole-time Director	October 26, 2010	35
3	Mr. Dinesh K, Waghela (DIN: 00230087)	Director	April 11, 2001	47
4	Mr. Behram M. Baldawala (DIN: 00123309)	Independent Director	October 26, 2010	62

30. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the Transferor Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the Composite Scheme of Arrangement, except as shareholders in general, of the respective companies. Mr. Mahendra V. Doshi and Mr. Pratik M. Doshi are directors in Transferor and Transferee Company.

Shareholding of Directors and KMP of the Transferor Company as November 1, 2015 is as under:

Sl. No.	Names	No. of shares held in Transferor Company	No. of shares held in Transferee Company
Directors of the Transferor Company			
1	Mr. Mahendra V. Doshi	43,82,886	Nil
2	Mr. Pratik M. Doshi	1,00,722	Nil
3	Mr. Vineet N. Suchanti	Nil	Nil
4	Mrs. Anjali Suresh	Nil	Nil
5	Mr. Sajid Mohamed	Nil	Nil
6	Mr. Sayanta Basu	1,52,892	Nil
Key Managerial Personnel (KMP) of the Company			
1	Mr. S. S. Gulati – Head Corporate Affairs	6,646	100
2	Mr. Girish B. Innani General Manager (Legal) & Company secretary	Nil	100

31. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the Transferee Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the Composite Scheme of Arrangement, except as shareholders in general, of the respective companies. Mr. Mahendra V. Doshi and Mr. Pratik M. Doshi are directors in Transferor and Transferee Company.

Shareholding of Directors and KMP of the Transferee Company as on November 1, 2015 is as under:

Sl. No.	Names	No. of shares held in Transferee Company	No. of shares held in Transferor Company
Directors of the Transferee Company			
1	Mr. Mahendra V. Doshi	Nil	43,82,886
2	Mr. Pratik M. Doshi	Nil	1,00,722
3	Mr. Dinesh K. Waghela	250	900
4	Mr. Behram M. Baldawala	Nil	1,814
Key Managerial Personnel (KMP) of the Company- None			
	None		

32. The shareholding pattern of the Transferor Company and the Transferee Company as on June 11, 2015 (Pre- Demerger) and the expected post-demerger are as under:

Shareholding pattern of the Transferor Company as on June 11, 2015:

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
	Individual/Hindu Undivided Family	46,00,333	37.71
	Central Govt./State Govt.	0	0.00
	Bodies Corporate	32,57,727	26.71
	Financial Institutions/Banks	0	0.00
	Any other (specify)	0	0.00
	Sub Total (A)(1)	78,58,060	64.42
2	Foreign		
	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0.01
	Bodies Corporate	0	0.00
	Institutions	0	0.00
	Qualified Foreign Investor	0	0.00
	Any other (specify)	0	0.00
	Sub Total (A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	78,58,060	64.42
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	1,400	0.01
(b)	Financial Institutions / Banks	2,550	0.02
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	0	0.00
(f)	Foreign Institutional Investors	3,52,647	2.89
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor	0	0.00
(i)	Any other (specify)	0	
	Sub Total (B)(1)	3,56,597	2.92
2	Non Institutions		
(a)	Bodies Corporate	10,66,716	8.75
(b)	Individuals		
(b i)	Individual shareholders holding nominal share capital up to Rs.1 lakh	15,05,059	12.35
(b ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	3,40,496	2.79
(c)	Any other (specify)		
(c i)	Clearing Member	1,044	0.01
(c ii)	Non Resident Indians	1,89,470	1.55
(c iii)	Foreign Corporate Bodies (including FDI)	7,27,489	5.96
(c iv)	Trust	200	0.00
(cv)	Directors	1,52,892	1.25
	Sub Total B(2)	39,83,366	32.66
	Total Public Shareholding (B) = (B)(1) +(B)(2)	43,39,963	35.58
	Total (A)+(B)	1,21,98,023	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
1	Promoter and Promoter Group	0	0.00
2	Public	0	0.00
	Sub Total C	0	0.00
	Grand Total (A)+(B)+(C)	1,21,98,023	100.00

The Composite Scheme of Arrangement shall have not any impact on the Shareholding Pattern of Transferor Company. Hence Post-Scheme it is likely to be remaining same.

Shareholding pattern of Transferee Company Pre Scheme as on June, 11 2015:

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individual/ Hindu Undivided Family	0	0.00
(b)	Central Govt./ State Govt.	0	0.00
(c)	Bodies Corporate	2,62,03,600	99.86
(d)	Financial Institutions/ Banks	0	0.00
(e)	Any other (specify)	0	0.00
	Sub Total (A)(1)	2,62,03,600	99.86
2	Foreign		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0.00
(b)	Bodies Corporate	0	0.00
(c)	Institutions	0	0.00
(d)	Qualified Foreign Investor	0	0.00
(e)	Any other (specify)	0	0.00
	Sub Total (A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	2,62,03,600	99.86
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	0	0.00
(b)	Financial Institutions / Banks	0	0.00
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	0	0.00
(f)	Foreign Institutional Investors	0	0.00
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor	0	0.00
(i)	Any other (specify)	0	0.00
	Sub Total (B)(1)	0	0.00
2	Non Institutions		
(a)	Bodies Corporate	0	0.00
(b)	Individuals	37,150	0.14
(c)	Any other (specify)		
(ci)	Director s	250	0.00
	Sub Total B(2)	37,400	0.14
	Total Public Shareholding (B) = (B)(1) +(B)(2)	37,400	0.14
	Total (A)+(B)	2,62,41,000	100.00

Preference Share Capital

29,00,000 Preference Shares of Rs. 100/- each held by the Transferor Company.

Post-scheme shareholding pattern of Transferee Company (assuming the continuing shareholding pattern as on June 11, 2015):

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individual- Director and their Relatives / Hindu Undivided Family	2,76,01,998	37.70
(b)	Central Govt./ State Govt.	0	0.00
(c)	Bodies Corporate	1,95,42,120	26.69
(d)	Financial Institutions/ Banks	0	0.00
(e)	Any other (Fraction of Promoters)	0	0.00
	Sub Total (A)(1)	4,71,44,118	64.39
2	Foreign		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0.00
(b)	Bodies Corporate	0	0.00
(c)	Institutions	0	0.00
(d)	Qualified Foreign Investor	0	0.00

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(e)	Any other (specify)	0	0.00
	Sub Total (A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	4,71,44,118	64.39
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	8,400	0.01
(b)	Financial Institutions / Banks	15,300	0.02
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	0	0.00
(f)	Foreign Institutional Investors	21,15,882	2.89
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor - Corporate	0	0.00
(i)	Any other	0	0.00
	Sub Total (B)(1)	21,39,582	2.92
2	Non Institutions		
(a)	Bodies Corporate	64,00,296	8.74
(b)	Individuals		
(bi)	Individual shareholders holding nominal share capital up to Rs.1 lakh	90,51,220	12.36
(bii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	29,60,328	4.04
(c)	Any other (specify)		
(ci)	Clearing Member	6,264	0.01
(cii)	Non Resident Indians	11,36,820	1.55
(ciii)	Foreign Corporate Bodies (Including FDI) Clearing Member	43,64,934	5.96
(civ)	Trusts	1,200	0.01
(cv)	Directors / Relatives of Directors	16,534	0.02
	Sub Total B(2)	2,39,37,596	32.69
	Total Public Shareholding (B) = (B)(1) +(B)(2)	2,60,77,178	35.61
	Total (A)+(B)	7,32,21,296	100.00
(C)	Shares held by custodians and against which Depository Receipts have been issued		
i	Promoter and Promoter group	0	0.00
ii	Public	0	0.00
iii.	Fractions - GDR	0	0.00
	Sub Total (C)	0	0.00
	GRAND TOTAL(A)+(B)+(C)	7,32,21,296	100.00

Note: The above is an indicative pattern and the actual numbers may vary on the effectiveness of the Scheme.

33. The Capital Structure of the Transferee Company after the implementation of the Composite Scheme of Arrangement will be as follows:

Share Capital	Amount in Rs.
Authorised Capital	
Equity Shares 12,50,00,000 equity shares of Rs. 2/- each	25,00,00,000
Unclassified	10,00,00,000
Total	35,00,00,000
Issued, Subscribed and Paid-up Share Capital	
Equity Shares 7,32,21,296 equity shares of Rs. 2/- each	14,64,42,592
Total	14,64,42,592

EXPLANATORY STATEMENT FOR RESOLUTION NO. 2

34. Upon the Scheme coming into effect and upon issue of shares by Transferee Company to the equity shareholders of Transferor Company, and cancellation of the equity and preference share capital of Transferee Company as held by Transferor Company, the amount of such investment in the books of Transferor Company shall be written off in the following seriatim (i) against Securities Premium Account (ii) remaining balance if any will be then appropriately adjusted against Capital Reserves - Share Warrants moneys forfeited account (iii) balance if any shall be adjusted against appropriately Capital redemption reserve on account of buy back of equity shares and (iv) remaining balance if any shall be appropriately adjusted against General Reserve. The balance of the Securities Premium Account, Capital Reserves - Share Warrants moneys forfeited account, Capital redemption reserve on account of buy back of equity shares and General Reserve, as the case may be, shall stand reduced to that extent.

Pursuant to the Scheme of Arrangement investment held in the books of Transferor Company of 2,62,03,600 equity shares of Rs. 2/- each fully paid –up and 29,00,000 Preference shares of Rs. 100/- each fully paid-up shall stand cancelled and the Securities Premium Account Rs. 22,98,70,249/-, and Capital redemption reserve on account of buy back of equity shares Rs. 1,32,94,660/- shall be adjusted in the books of accounts of the Transferor Company towards part of the difference between the value of the assets and the liabilities of the Demerged Undertaking transferred pursuant to the Scheme of Arrangement .

The reduction, in the Securities Premium Account and Capital Redemption Reserve on account of buy back of equity shares of LKPFL, shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 100 to 103 of the Companies Act, 1956 and Sections 52 and 55 of the Companies Act, 2013 and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Companies Act, 1956 for the purpose of confirming the reduction.

Pursuant to the Provision of Companies Act and Article II 37 of Articles of Association of the Company, a special resolution needs to be passed by the members of the Company thus approving the reduction and adjustment of Securities Premium Account and Capital Redemption Reserve on account of buy back of equity shares, by Special Resolution as set out in term no. 2 of this notice.

None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the Transferor Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the aforesaid Resolutions, except as shareholders in general, of the respective companies. Mr. Mahendra V. Doshi and Mr. Pratik M. Doshi are directors in Transferor and Transferee Company.

Inspection Documents

35. The following documents will be open for inspection by the members of the Transferor Company at its registered office at 203, Embassy Centre, Nariman Point Mumbai, Mumbai 400 021, Maharashtra, India between 11.00 a.m. to 1.00 p. m. on any working day up to the date of the meeting:
- (i) Certified copy of the order passed by the High Court of Judicature at Bombay in Company Summons for Direction No. 888 of 2015, dated October 21, 2015, *inter alia*, directing convening of the meetings of the Equity Shareholders of the Company;
 - (ii) Certified copy of the order passed by the High Court of Judicature at Bombay in Company Summons for Direction No. 888 of 2015, dated October 21, 2015, *inter alia*, dispensing with the convening of the meetings of the Secured and Unsecured Creditors of the Transferor Company;
 - (iii) Copy of the Company Summons for Direction No. 888 of 2015 along with annexure filed by the Transferor Company before the High Court of Judicature at Bombay;
 - (iv) Copies of the Memorandum and Articles of Association of the Transferor Company and the Transferee Company;
 - (v) Copies of the annual reports of the Transferor Company and the Transferee Company for the last three financial years ended March 31, 2015, March 31, 2014 and March 31, 2013;
 - (vi) Register of Directors' Shareholding of the Transferor Company;
 - (vii) Copy of the valuation report recommending the share entitlement ratio, dated May 18, 2015, prepared by SSPA & Co., Chartered Accountants and issued to the respective Boards of Directors of the Transferor and Transferee Company;
 - (viii) Copy of the fairness opinion, dated May 18, 2015, issued by Hem Securities Limited to the respective Boards of Directors of the Transferor and Transferee Company;
 - (ix) Copy of the complaints report, dated July 24, 2015, submitted by the Transferor Company to the BSE Limited;
 - (x) Copy of the Audit Committee Reports, all dated May 18, 2015 of the Transferor Company;
 - (xi) Copies of the resolutions all dated May 18, 2015 passed by the respective Board of Directors of the Transferor and Transferee Company approving the Scheme;
 - (xii) Copy of the no adverse observations/ no-objection letter issued by the BSE Limited dated October 20, 2015, to the Transferor Company;
 - (xiii) Copy of prior approval letters issued by the BSE Limited – dated 20th August 2015 National Stock Exchange of India - dated 18th August 2015 and Metropolitan Stock Exchange of India Limited – dated 30th July 2015 respectively, to the Transferee Company;
 - (xiv) Copy of the Composite Scheme.

A copy of the Composite Scheme, Explanatory Statement and a form of proxy may be obtained from the Registered Office of the Transferor Company.

Sd/-

Mahendra V Doshi
Chairman appointed for the meeting

Place: Mumbai
Dated this 28th day of November , 2015
CIN: L65990MH1984PLC032831

Registered Office:
203 Embassy Centre,
Nariman Point,
Mumbai 400 021,
Maharashtra, India

Encl: As indicated hereinabove

COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN
LKP FINANCE LIMITED
(“The Transferor Company” or “the Demerged Company”)
AND
LKP SECURITIES LIMITED
(“The Transferee Company” or “the Resulting Company”)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

(A) This Scheme (defined later) is presented under Sections 391 to 394 read with Sections,100 to 103 and other applicable provisions of the Companies Act, 1956 and Sections 52 and 55 of the Companies Act, 2013 (as defined hereinafter) for de-merger of SEBI Registered Intermediaries Business (as defined hereinafter and referred to as “Demerged Undertaking”) of LKP Finance Limited into LKP Securities Limited and reduction of paid up equity share capital and preference share capital of LKP Securities Limited pursuant to cancellation of equity and preference share capital held by LKP Finance Limited in LKP Securities Limited.

(B) Overview of the Companies:

- I. LKP Finance Limited (‘LKPFLL’ or ‘the Transferor Company’ or the ‘Demerged Company’) was incorporated in 1984 under the provisions of the Companies Act, 1956 under the name of Elkaypee Merchant Financing Limited. Subsequently, the name was changed to LKP Merchant Financing Limited. The name was thereafter changed to LKP Finance Ltd with effect from 27th August, 2008. The Company is a Non Banking Finance Company registered with Reserve Bank of India. LKPFLL is engaged in the business of lending, finance, trading and investment in shares and securities. The equity share capitals of LKPFLL are at present listed at the BSE Limited (‘BSE’).
- II. LKP Securities Limited (‘LKPSL’ or ‘the Transferee Company’) was incorporated in 1994 under the provisions of the Companies Act, 1956. LKPSL is engaged into the business of Equities markets, Debt markets, Investment Banking, Merchant Banking, Depository Services, IPOs, Mutual Fund Distribution. It is a member of BSE, NSE, CDSL, MCX (currency segment) and AMFI. LKPSL has a wide network of outlets in more than 100 cities and spread over pan India basis. LKPSL is the first financial group to be awarded the prestigious ISO 9002 certified KPMG Quality Registrar, USA, for certain businesses. LKPSL has large customer base including Banks, Institutions, FII, Mutual Funds, Insurance companies, Primary Dealers, large Corporate, Public Sector Undertakings, Provident Fund Trusts. LKPFLL holds 99.86% of the paid up equity share capital and 100% 9% redeemable preference share capital of LKPSL.

(C) Rationale & Purpose of the Scheme of Arrangement

The implementation of the Scheme of Arrangement is likely to result in the following benefits:

- (a) Simplified corporate structure providing the shareholders of LKPFLL direct participation in SEBI Registered Intermediaries Business;
- (b) The proposed segregation will create enhanced value for shareholders and allow a focused strategy in operations, which would be in the best interest of all the stakeholders. The arrangement proposed by this Scheme will enable investors to hold investments in businesses with different investment characteristics thereby enabling them to select investments which best suit their investment strategies and risk profiles.
- (c) The nature of risk and competition involved in each of the business run by LKPFLL is distinct from others and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be handled and managed. The proposed Scheme will enable LKPFLL to re-organize and segregate its SEBI Registered Intermediaries activities by transferring its Demerged Undertaking into LKPSL.

(D) The arrangement of de-merger of Demerged Undertaking of LKPFLL into LKPSL pursuant to and in accordance with this Scheme of Arrangement shall take place with effect from the Appointed Date *(as defined later)*

(E) The Scheme is divided into following parts:

- a. Part I deals with Definitions and Share Capital;
- b. Part II deals with De-merger of Demerged Undertaking of LKPFLL into LKPSL;
- c. Part III deals with Re-organisation of Share Capital of LKPSL;
- d. Part IV deals with Remaining Business of LKPFLL; and
- e. Part V deals with General Terms and Conditions that would be applicable to this Scheme.

PART I - DEFINITIONS AND SHARE CAPITAL;

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- i) **"Act"** means the Companies Act, 1956, rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof for the time being in force and wherever required shall include the corresponding provisions of the Companies Act, 2013.
- ii) **"Appointed Date"** means 1st April, 2015 or such other date as may be approved by the High Court of Judicature at Bombay or such other competent authority.
- iii) **"Board"** means board of directors of the Transferor Company or the Transferee Company, as the case may be;
- iv) **"Book Value"** means the value(s) of assets and liabilities of the Demerged Undertaking, as appearing in the books of accounts of the Demerged Company at the close of business as on the day immediately preceding the appointed date .
- v) **"Bombay High Court"** or **"Court"** or **"High Court"** means the High Court of Judicature at Bombay or the National Company Law Tribunal to whom this Scheme of Arrangement in its present form is submitted for sanctioning of the Scheme under Sections 391 to 394 read with Sections 100 to 103 of the Act and Sections 52 and 55 of the Companies Act, 2013.
- vi) **"Encumbrance"** means any options, pledge, mortgage, lien, security, interest, claim, charge, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever.
- vii) **"Effective Date"** means the latter of the dates on which the certified copies of the Orders sanctioning this Scheme, passed by the High Court of Judicature at Bombay or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and the Transferee Company. Any references in this Scheme to the date of 'coming into effect of this Scheme' or 'effectiveness of this Scheme' or 'Scheme taking effect' shall mean the Effective Date;
- viii) **"Demerged Undertaking"** means all businesses, activities, properties and liabilities of whatsoever nature and kind and wheresoever's situated, pertaining and/or relating to LKPFL's strategic investment in its subsidiary, namely LKPSL through which LKPFL carries on SEBI Registered Intermediaries Business and its allied activities, including specifically the following:
 - (i) All the assets and liabilities of the Transferor Company pertaining to SEBI registered Intermediaries business;
 - (ii) Notwithstanding the generality of the provisions of sub-clause (i) above, the Demerged Undertaking shall include:
 - (a) all investment of LKPFL in the equity share capital and preference share capital of LKPSL.
 - (b) all assets (whether movable or personnel, corporeal or incorporeal present, future, contingent, tangible or intangible), pertaining to the SEBI Registered Intermediaries Business including but without being limited to furniture, fixtures, office equipment, appliances, accessories, vehicles, sundry debtors, deposits, provisions, advances, receivables, funds, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements, benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses, explosive licenses, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements, and all the rights, titles, interests, goodwill, benefit entitlements and advantages, contingent rights or benefit belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company with respect to SEBI Registered Intermediaries Business.
 - (iii) All liabilities including contingent liabilities pertaining to/ arising out of the activities or operations of the SEBI Registered Intermediaries Business including specific loans and borrowings (if any), term loans from banks and financial institutions (if any), bank overdrafts (if any), working capital loans and liabilities, whether secured or unsecured;
 - (iv) All permanent employees of the Transferor Company pertaining to the SEBI Registered Intermediaries Business;
 - (v) All earnest monies, security deposits, payment against warrants, or other entitlements, if any, in connection with or relating to the SEBI Registered Intermediaries Business;
 - (vi) Powers, authorities, licenses, including registrations, quotas, permits, allotments, approvals, consents, issued by governmental or regulatory authorities and belong to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company with respect to the SEBI Registered Intermediaries Business;
 - (vii) Cash advances made by the Transferor Company in relation to the SEBI Registered Intermediaries Business;
 - (viii) Cash, bank balance and deposits of the Transferor Company with banks, government, semi-government, local and other authorities and bodies with respect to the SEBI Registered Intermediaries Business;
 - (ix) It is clarified that SEBI Registered Intermediaries Business of the Transferor Company shall not include any employees, assets, liabilities, rights and obligations belonging to and forming part of the Remaining Business of Transferor Company.

Any reference in the scheme to the date of **"coming into effect of this Scheme"** or **"upon the scheme becoming effective"** shall mean the Effective Date.
- ix) **"IT Act"** means Income Tax Act, 1961 rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof for the time being in force.
- x) **"Record Date"** means date or dates to be fixed by the Board of Directors or duly authorised Director or Committee of Directors of the Board of Directors of Transferee Company for the purpose of issue and allotment of equity shares under this Scheme.

- xi) **“Remaining Business”** means all the undertakings, businesses, activities and operations of LKPFL other than Demerged Undertaking upon sanction of this Scheme.
- xii) **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in accordance with section 2(19AA) of the Income-tax Act, 1961, in its present form or with any modification(s) / amendment(s), if any, as may be approved, imposed or directed by the High Court or any other appropriate authority sanctioning this Scheme.
- xiii) **“Stock Exchange”** means the stock exchanges on which the shares of LKP Finance Limited are listed.
- xiv) **“The Transferor Company” or “LKPFL” or “Demerged Company”** shall mean LKP Finance Limited a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at 203, Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra.
- xv) **“The Transferee Company” or “the Resulting Company” or “LKPSL”** means LKP Securities Limited a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at 203, Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the IT Act, the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. TREATMENT OF SCHEME FOR THE PURPOSE OF INCOME TAX ACT, 1961

The provision of Part II, Part III, Part IV and Part V of this Scheme have been drawn up to comply with the conditions relating to “Demerger” as defined under section 2(19AA) of the Income Tax Act, 1961. If any of the terms or provisions of Part II and/or Part III and/or Part IV and/or Part V of the Scheme are found or interpreted to be inconsistent with the provision of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Act, 1961. Such modifications will however not affect the other parts of the Scheme.

3. SHARE CAPITAL

- (a) The share capital of LKP Finance Limited, Transferor Company as on 31st March, 2015 is as under:

Particulars	March 31, 2015 (Unaudited) (in Rs.)
Authorized Share Capital	
10,00,000 Redeemable Preference Share of Rs. 100/- each.	10,00,00,000/-
2,00,00,000 Equity Shares of Rs. 10/- each.	20,00,00,000/-
Total	30,00,00,000/-
Issued, Subscribed and Paid up Share Capital	
1,21,98,023 Equity Shares of Rs. 10/- each.	12,19,80,230/-
Total	12,19,80,230/-

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of LKPFL, there has been no change in the authorised, issued, subscribed and paid-up capital of LKPFL.

- (b) The share capital of LKP Securities Limited, Transferee Company as on 31st March, 2015 is as under:

Particulars	March 31, 2015 (Unaudited) (in Rs.)
Authorized Share Capital	
29,00,000 9% Redeemable Preference Share of Rs. 100/- each	29,00,00,000/-
3,00,00,000 Equity Shares of Rs. 2/- each	6,00,00,000/-
Total	35,00,00,000/-
Issued, Subscribed and Paid up Share Capital	
29,00,000 9% Redeemable Preference Share of Rs. 100/- each	29,00,00,000/-
2,62,41,000 Equity Shares of Rs. 2/- each	5,24,82,000/-
Total	34,24,82,000/-

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of LKPSL, there has been no change in the authorised, issued, subscribed and paid-up capital of LKPSL.

The Transferee Company is subsidiary of the Transferor Company. 99.86% of the Equity Share Capital of the Transferee Company is held by Transferor Company and 100% of the Preference Share Capital of the Transferee Company is held by the Transferor Company.

PART II

DE-MERGER OF DEMERGED UNDERTAKING OF LKPFL INTO LKPSL

4. Transfer and Vesting of Demerged Undertaking of LKPFL into LKPSL

- 4.1 Upon the coming into the effect of this Scheme with effect from the Appointed Date and subject to the provisions of this scheme in relation to the mode of transfer, the Demerged Undertaking shall without any further act, instrument, deed, matter or thing, be demerged from LKPFL and transferred into LKPSL so as to become as and from the Appointed Date, the estate, properties, assets, rights, claims, title, interests and authorities of LKPSL, pursuant to Section 394(2) of the Act.
- 4.2 The transfer as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, over or in respect of all the aforesaid assets or any part thereof of the Transferor Company. Provided however, that any reference to any security documents or arrangements, to which the Transferor Company, or either of them is a party, or to the assets of the Transferor Company which it has offered or agreed to be offered as security for any financial assistance or obligations, to the secured creditors of the Transferor Company, shall be construed as reference only to the assets pertaining to the assets of the Transferor Company as is vested in the Transferee Company by virtue of the aforesaid clause, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extent, to any of the assets or to any of the other units or division of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditors and subject to the consents and approval of the existing secured creditors of the Transferee Company, if so required.

Provided always that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of this Scheme and the Transferee Company shall not be obliged to create any further or additional security therefore after the Scheme has become effective or otherwise.

- 4.3 In respect of such of the assets of the Demerged Undertaking as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery and/or by endorsement, and delivery, the same shall stand transferred by LKPFL to LKPSL upon the coming into the effect of this Scheme pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same and shall become the property of the LKPSL as an integral part of the Demerged Undertaking.
- 4.4 In respect of such of the assets other than those dealt with in clause 4.3 above, the same shall as more particularly provided in Clause 4.1 above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date, pursuant to the provisions of Section 394 and other applicable provisions of the said Act.
- 4.5 The Transferor Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any other party to any contract or arrangement to which the Transferor Company or either of them is party to any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferor Company shall, under the provision of this Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Companies or either of them and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 4.6 With effect from the Appointed Date, all the said liabilities pertaining to Demerged Undertaking of the Transferor Company shall also be and stand transferred or deemed to be transferred, without further act, instrument, deed, to the Transferee Company, pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferor Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause.

5. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 5.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, incentives, statutory licenses/ permissions, approvals, engagements and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking to which the Transferor Company is a party and which have not lapsed and are subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or notations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

6. LEGAL PROCEEDINGS

- 6.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising at or after the Appointed Date and relating to the Demerged Undertaking of the Transferor Company shall be continued and/or enforced by or against the Transferor Company until the Effective Date. As and from the Effective Date, the said legal proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

Additionally, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of this scheme of arrangement of the Transferor Company with the Transferee Company or anything contained in the Scheme.

- 6.2 On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Transferor Company in the same manner and to the same extent as would or might have been initiated by the Transferor Company.

7. EMPLOYEES

- 7.1 All permanent employees of the Demerged Undertaking and those permanent employees that are determined by the Board of Directors of the Transferor Company, to be substantially engaged in or in relation to the Demerged Undertaking, in service on the Effective Date shall be deemed to have become the employees of the Transferee Company with effect from the Appointed Date without any interruption or break in their service as a result of the transfer of the Demerged Undertaking to the Transferee Company. The terms and conditions of their employment with the Transferee Company with effect from the Effective Date shall not be less favourable than those applicable to them with reference to the Demerged Undertaking on the Effective Date.
- 7.2 Transferee Company agrees that the services of all such employees as mentioned in Clause 7.1 above with Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration, contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 7.3 The existing government provident fund, government superannuation fund and LIC gratuity fund, if any, of which the employees relating to Demerged Undertaking of the Transferor Company are members or beneficiaries along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued to be administered by Transferee Company for the benefit of such employees on the same terms and conditions. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of Transferor Company would be continued to be deposited in the transferred provident fund, superannuation fund and gratuity fund account by Transferee Company.

8. IMPACT OF THE SCHEME ON CREDITORS/ BANKS/FINANCIAL INSTITUTIONS

The Scheme of Arrangement will not affect any of the respective company's creditors/ Banks/ Financial Institutions. The Scheme does not provide any compromise or arrangement with the Creditors and Shareholders' except as provided in the Scheme.

9. SAVING OF CONCLUDED TRANSACTIONS

The transfer of Demerged Undertaking under Clause 4 above and the continuance of proceedings by or against the Transferee Company under Clause 6 above and the effectiveness of contracts and deeds under Clause 6 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

10. BUSINESS AND PROPERTY IN TRUST FOR TRANSFEEE COMPANY

10.1 As and from the Appointed Date upto and including the Effective Date:

- (a) The Transferor Company shall carry on and be deemed to have carried on all business and activities relating to the Demerged Undertaking and shall stand possessed of all the assets, rights, title, interest, contracts, investments of the Demerged Undertaking, in trust for the Transferee Company and shall account for the same to the Transferee Company.
- (b) Any income or profit accruing or arising to the Transferor Company from the Demerged Undertaking and all costs, charges, expenses and losses or taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, taxes withheld/ paid in a foreign country, etc), incurred by the Transferor Company relating to Demerged Undertaking shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.

PART III

REORGANISATION OF SHARE CAPITAL OF LKPSL

11. CANCELLATION OF EQUITY SHARE CAPITAL AND PREFERENCE SHARE CAPITAL OF LKPSL HELD BY LKPFL:

- (a) Upon the Scheme becoming effective, the Investment held by LKPFL in the equity share capital and preference share capital of LKPSL shall stand cancelled. Accordingly, the equity share capital and preference share capital of LKPSL shall stand reduced to the extent of face value of shares held by LKPFL in LKPSL;
- (b) Such reduction of share capital of LKPSL as provided in Clause 11 (a) above shall be effected as a part of the Scheme and the Orders of the Court sanctioning the Scheme shall be deemed to be an Order under Sections 100 to 102 of the Act confirming such reduction of share capital of LKPSL.

12. ISSUE OF SHARES BY THE TRANSFEEE COMPANY

- 12.1 The provision of this Clause 12 of the Scheme shall operate notwithstanding anything contrary in this Scheme or in any other Instrument, deed or writing.
- 12.2 Upon the coming into effect of the Scheme and in consideration of the transfer & vesting of Demerged Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company, whose name is registered in the Register of Members of the Transferor Company on the Record Date or his/her/its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 6 (six) equity shares of the face value of Rs. 2/- (Rupees Two) each (credited as fully paid-up) of the Transferee Company for every 1(one) equity share of the face value of Rs. 10/- (Rupees Ten) each (credited as fully paid-up) held by such member or his/her/its respective legal heirs, executors or successors in the Transferor Company.

- 12.3 The ratio in which equity shares of the Transferee Company are to be issued and allotted to the members of the Transferor Company is herein referred to as the "Share Entitlement Ratio".
- 12.4 The shares issued to the members of the Transferor Company by the Transferee Company pursuant to Clause 12.2 above shall be issued in dematerialised form by the Transferee Company, unless otherwise notified in writing by the members of the Transferor Company to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares shall be issued to such members in dematerialised form provided that the members of the Transferor Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. It is only thereupon that the Transferee Company shall issue and directly credit the dematerialised shares to the account of such member with the shares of the Transferee Company. In the event that the Transferee Company has received notice from any member that shares are to be issued in physical form or if any member has not provided the requisite details relating to his/ her / its account with a depository participant or other confirmations as may be required, then the Transferee Company shall issue shares in physical form to such member.
- 12.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Transferor Company and in relation to the shares issued by the Transferee Company after the effectiveness of the Scheme. The Board of Directors of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transaction period.
- 12.6 Equity shares to be issued by the Transferee Company pursuant to Clause 12.2 above in respect of such of the equity shares of the Transferor Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Transferee Company.
- 12.7 The issue and allotment of equity shares by Transferee Company to the Shareholders of Transferor Company as provided in the Scheme is the integral part thereof and shall be deemed to have been carried out as if the procedure laid down under Section 62 and any other applicable provisions of the Act were duly complied with.
- 12.8 LKPSL shall, if and to the extent required to, apply for and obtain any approvals from the concerned regulatory authorities including the Reserve Bank of India, for the issue and allotment of new equity shares by LKPSL to the non-resident equity shareholders of LKPFL. LKPSL shall comply with the relevant and applicable rules and regulations including the provisions of Foreign Exchange Management Act, 1999, if any, to enable LKPSL to issue and allot new equity shares to the non-resident equity shareholders of LKPFL.
- 12.9 The equity shares issued and allotted by the Transferee Company in terms of this Scheme shall rank *pari passu* in all respects with the then existing equity shares of the Transferee Company.
- 12.10 Issuance of New equity shares shall be made pursuant to circulars issued by the Securities and Exchange Board of India bearing no CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 and in compliance with the requisite formalities under applicable laws to be listed and/or admitted to the relevant stock exchange(s) where the existing equity shares of the Demerged Company are listed and/or admitted to trading. The shares allotted pursuant to the Scheme shall remain frozen in the Depository System till listing/trading permission is given by the designated stock exchange.
- 12.11 There will be no change in the shareholding pattern or control in LKPSL between the record date and the listing.
- 12.12 The Transferee Company shall, if and to the extent required apply for and obtain any approval from the concerned regulatory authorities for the issue and allotment by the Transferee Company of new Equity Shares to the members of the Transferor Company.
- 12.13 The Transferee Company will endeavour that the equity shares of the Company issued in terms of Clause 12.2 above be listed and/or admitted to trading on the relevant stock exchange/s, whether in India or abroad, where the equity shares of the Transferor Company are presently listed and/or admitted to trading. The Transferee Company shall enter in such agreement and issue such confirmation and/or undertaking as may be necessary in accordance with the applicable laws or regulations, for the above purpose. But on such formalities being fulfilled all such stock exchanges shall list and/or admit the said equity shares also for the purpose of trading. The Company would further endeavour that the new equity shares along with existing shares are admitted for trading in dematerialized mode and necessary agreement would be entered for the said purpose with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The NSDL and CDSL shall admit the shares of the Company for dematerialization. All the statutory and government authorities shall give necessary approval and permission forthwith in this regard subject to fulfilment of their requirements.
- 12.14 LKPSL shall take necessary steps to increase or alter, (if necessary), its authorized share capital suitably to enable it to issue and allot new equity shares required to be issued and allotted by it under this Scheme;
- 12.15 The approval of this Scheme by the shareholders of LKPFL and LKPSL under Sections 391 to 394 read with Sections 100 to 103 of the Act and Sections 52 and 55 of the Companies Act, 2013 shall be deemed to have the approval under sections 13, 14 and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 12.16 The Transferee Company has submitted an Undertaking to SEBI that it will comply with the provisions of Circular CIR/CFD/DIL/5/2013 dated 4th February, 2013 pertaining to the lock in requirements of shares of LKP Securities Ltd/ Transferee Company.
- 12.17 The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/ trading permission is given by the designated stock exchange and there shall be no change in the shareholding pattern of LKP Securities Limited between the record date and the listing which may affect the status of approval.

13. ACCOUNTING TREATMENT IN THE BOOKS OF LKPFL

- 13.1 Upon the Scheme coming into effect, the Assets & Liabilities pertaining to the Demerged Undertaking of LKPFL being transferred to LKPSL shall be at values appearing in the books of account of LKPFL as on the Appointed Date which are set forth in the closing balance sheet of LKPFL as of the close of business hours on the date immediately preceding the Appointed Date.
- 13.2 The difference between the value of the assets and the liabilities of the Demerged Undertaking transferred pursuant to the Scheme shall be adjusted in the following seriatim (i) against Securities Premium Account, (ii) remaining balance if any will be then appropriately adjusted against Capital Reserves - Share Warrants moneys forfeited account (iii) balance if any shall be adjusted against appropriately Capital redemption reserve on account of buy back of equity shares and (iv) remaining balance if any shall be appropriately adjusted against General Reserve. The balance of the Securities Premium Account, Capital Reserves - Share Warrants moneys forfeited account, Capital redemption reserve on account of buy back of equity shares and General Reserve, as the case may be, shall stand reduced to that extent. It is further clarified that Special Reserve Fund as per RBI guidelines for NBFC's will not be impacted on account of this Scheme.
- 13.3 Upon the Scheme coming into effect and upon issue of shares by LKPSL to the equity shareholders of LKPFL, and cancellation of the equity and preference share capital of LKPSL as held by LKPFL, the amount of such investment in the books of LKPFL shall be written off in the following seriatim (i) against Securities Premium Account, (ii) remaining balance if any will be then appropriately adjusted against Capital Reserves - Share Warrants moneys forfeited account (iii) balance if any shall be adjusted against appropriately Capital redemption reserve on account of buy back of equity shares and (iv) remaining balance if any shall be appropriately adjusted against General Reserve. The balance of the Securities Premium Account, Capital Reserves - Share Warrants moneys forfeited account, Capital redemption reserve on account of buy back of equity shares and General Reserve, as the case may be, shall stand reduced to that extent.
- 13.4 The reduction, in the Securities Premium Account and Capital Redemption Reserve on account of buy back of equity shares of LKPFL, shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 100 to 103 of the Act and Sections 52 and 55 of the Companies Act, 2013 and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid up share capital, and the provisions of Section 101(2) of the Act will not be applicable. Notwithstanding the reduction as mentioned above, LKPFL, shall not be required to add "and reduced" as a suffix to its name and LKPFL shall continue in its existing name.

14. ACCOUNTING TREATMENT IN THE BOOKS OF LKPSL:

- 14.1 Upon the Scheme coming into effect, LKPSL shall record the assets and liabilities of the Demerged Undertaking transferred to and vested in LKPSL pursuant to this Scheme, at the values appearing in the books of account of LKPFL as on the Appointed Date which are set forth in the closing balance sheet of LKPFL as of the close of business hours on the date immediately preceding the Appointed Date.
- 14.2 Upon the scheme being effective, LKPSL shall credit to the Equity Share Capital account in its books of accounts, the aggregate face value of the new equity shares issued and allotted to the equity shareholders of LKPFL as per clause 12.2 above.
- 14.3 Upon the scheme being effective the existing shareholding of LKPFL in LKPSL shall stand cancelled. Upon cancellation, LKPSL, shall debit to its Equity Share Capital Account and Preference Share Capital Account, the aggregate face value of existing equity shares and aggregate face value of existing preference shares, respectively, held by LKPFL in LKPSL which stands cancelled hereof.
- 14.4 The difference being the excess of Net Asset Value of the Demerged Undertaking, transferred to and recorded by LKPSL, over the face value of the new equity shares allotted as per Clause 12.2 above, shall be credited to Capital Reserve (arising on cancellation of Preference Shares) of LKPSL. The shortfall, if any, shall be debited to Goodwill Account of LKPSL.
- 14.5 The cancellation as mentioned under clause 14.3 above, which amounts to reduction of share capital of LKPSL, shall be effected as an integral part of the Scheme in accordance with the provisions of Section 100 to 103 of the Act and same does not involve either diminution of liability in respect of unpaid share capital or payment of paid up share capital, and the provisions of Section 101 of the Act are not applicable and the order of the High Court sanctioning the Scheme shall also be deemed to be an order under Section 102 of the Act confirming such reduction. Notwithstanding the reduction as mentioned above, LKPSL shall not be required to add "and reduced" as a suffix to its name and LKPSL shall continue in its existing name.

PART IV – REMAINING BUSINESS OF LKPFL

15. REMAINING BUSINESS TO CONTINUE WITH LKPFL

- 15.1 The remaining business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by LKPFL subject to the provisions of the Scheme.
- 15.2 All legal or other proceedings by or against LKPFL under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to Remaining Business (including those relating to any property, right, power, liability, obligation or duties of LKPFL in respect of the Remaining Business) shall be continued and enforced or against LKPFL and LKPSL shall in no event be responsible or liable in relation to any such legal or other proceedings by or against LKPFL.
- 15.3 With effect from the Appointed Date and upto and including the Effective Date:
- 15.3.1 LKPFL shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- 15.3.2 all profits and income accruing or arising to LKPFL, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of LKPFL; and
- 15.3.3 all employees relatable to the Remaining Business shall continue to be employed by LKPFL and LKPSL shall not in any event be liable or responsible for any claims whatsoever regarding such employees.

PART V

GENERAL TERMS AND CONDITIONS

16. APPLICATION TO HIGH COURTS

The Transferee Company and the Transferor Company shall with all reasonable dispatch make all necessary applications to the High Court of Judicature at Bombay for seeking approval to the Scheme under Sections 391 to 394 read with Sections 100 to 103 of the Act Sections 52 and 55 of the Companies Act, 2013.

17. CONDITIONALITY OF THE SCHEME

17.1 The Scheme is conditional upon and subject to:

- (a) Sanction or approval under any law of the Central Government or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanctions or approval is required under any law;
- (b) The Scheme being agreed to by the respective requisite majority of members and creditors of the Transferee Company and the Transferor Company or as directed by the relevant High Court or such other appropriate authority;
- (c) The approval of the public shareholders of the LKPFL shall be obtained through postal ballot and e-voting. The scheme of arrangement shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it as required under the Securities and Exchange Board of India Circular the circulars CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities and Exchange Board of India;
- (d) The sanction of the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 read with Sections 100 to 103 of the Act in favour of LKPFL and LKPSL under the said provisions and to the necessary Orders under Section 394 of the said Act being obtained and the same being filed with the Registrar of Companies, Mumbai, Maharashtra.
- (e) All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

17.2 This Scheme although to come into operation from the Appointed Date, as the case may be, shall not become effective till the date on which all necessary certified copies of orders under Sections 391 to 394 read with Sections 100 to 103 of the Act shall be duly filed with the Registrar of Companies at Mumbai, Maharashtra.

17.3 The date on which the Scheme becomes effective in accordance with Clause 2 shall be 'Effective Date' for the purpose of this Scheme.

18. OPERATIVE DATE OF THE SCHEME

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

19. MODIFICATION OR AMENDMENT TO THE SCHEME

The Transferor Company and the Transferee Company by their respective Boards of Directors ('the Board, which term shall include Committee thereof), may assent to/make and/or consent to any modifications/ amendments to the Scheme or to any conditions or limitations that the Courts and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). The Transferor Company and the Transferee Company by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith

Further, the Boards of Directors of Transferor Company and Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect in whole or in part if the Boards of Directors so desire. If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part. All modifications/ amendments to the Scheme shall be subject to the approval of the Honourable High Court

20. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

In the event of any approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors of the Transferee Company and the Transferor Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme not being sanctioned by the Hon'ble High Court, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme

21. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferor Company.

22. FILING/ AMENDMENT OF RETURNS

Each of the Transferor company and the Transferee Company are expressly permitted to file/ revise their respective Income-tax, Service tax, Sales Tax/ Value Added tax, excise and other statutory returns, consequent to the Scheme becoming effective, notwithstanding that the period for filing/ revising such returns may have lapsed. Each of the Transferor company and the Transferee Company are expressly permitted to amend tax deduction at source certificate and other statutory certificates, and shall have the right to claim refunds, advance tax credits, set offs and adjustments relating to their respective incomes/ transactions from the Appointed Date.

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To,

The Board of Directors
 LKP Finance Limited
 203, Embassy Centre,
 Nariman Point,
 Mumbai - 400 021.

The Board of Directors
 LKP Securities Limited
 203, Embassy Centre,
 Nariman Point,
 Mumbai - 400 021.

Dear Sirs,

I. Engagement background:

We Hem Securities Limited ("HSL") understand that the Board of Directors ("Board") of LKP Finance Limited ("Demerged Company" or "LKPFL") is considering the demerger of "SEBI Registered Intermediary Business" of LKPFL into LKP Securities Limited ("LKPSL" or "Resulting Company") through a Scheme of Arrangement under Section 391-394 read with sections 78, 80, 100 to 104 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 2013 (to the extent as applicable).

The Scheme envisages demerger of the "SEBI Registered Intermediary Business" (the "Demerged Undertaking") of LKPFL into Resulting Company as per the terms and conditions more fully set forth in the Scheme of Arrangement to be placed before the Board for their approval.

In consideration of the demerger of the "SEBI Registered Intermediary Business" of Demerged Company into the Resulting Company pursuant to the Scheme of Arrangement, equity shares of the Resulting Company will be allotted to the shareholders of Demerged Company. In this regard, SSPA & Co., Chartered Accountants ("Valuer") are appointed to issue a report recommending a fair share entitlement ratio for the proposed demerger.

In connection with the aforesaid, you requested our Fairness Opinion (the "Opinion") as of the date hereof, as to the fairness of the Share Entitlement Ratio to the Equity Shareholders of the Demerged Company as recommended by SSPA & Co., Chartered Accountants.

Scheme of Arrangement

This Scheme of Arrangement provides for:

- i. Under this Scheme, the SEBI Registered Intermediary Business of LKPFL will be transferred to Resulting Company.
- ii. Demerged Company is a holding company of the Resulting Company holding 99.86% of the Equity Share Capital and 100% of the Preference Share Capital.

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- iii. On the record date, all shareholders of the Demerged Company will be entitled to receive shares in the Resulting Company.
- iv. On and from the Effective Date, existing equity shares and preference shares held by LKPFL in LKPSL shall stand cancelled.
- v. LKPFL will retain all the undertakings, businesses and activities which are not exclusively related to or utilized by the SEBI Registered Intermediary Business.

II. Basis of Opinion

In the Rationale of the Scheme, it has been provided that the Scheme would result in:

- simplified corporate structure by providing the shareholders of LKPFL direct participation in SEBI Registered Intermediaries Business;
- creating enhanced value for shareholders and allow a focused strategy in operations and enable investors to hold investments in businesses with different investment characteristics which best suit their investment strategies and risk profiles.
- to re-organize the business of LKPFL on the basis of nature of risk, competition involved, and handling & managing distinct business.

A brief history of each of the aforesaid companies is as under:

- a) **LKP Finance Limited**, a listed public limited company incorporated under the Companies Act, 1956 under the name of Elkaypee Merchant Financing Limited. Subsequently, the name was changed to LKP Merchant Financing Limited. The name was subsequently changed to LKP Finance Limited with effect from 27th August, 2008. The Corporate Identification Number of the Company is L65990MH1984PLC032831 and the registered office is located at 203, Embassy Centre, Nariman Point, Mumbai - 400 021. LKPFL is a Non-Banking Finance Company registered with Reserve Bank of India and is engaged in the business of lending, finance, trading and investment in shares and securities. The equity share capital of LKPFL is currently listed at the BSE Limited ("BSE").
- b) **LKP Securities Limited**, a public limited company incorporated under the provisions of the Companies Act, 1956. The Corporate Identification Number of the Company is U67120MH1994PLC080039 and the registered office is located at 203, Embassy Centre, Nariman Point, Mumbai - 400 021. LKPSL is engaged in the business of Equities markets, Debt markets, Investment Banking, Merchant Banking, Depository Services, IPOs, Mutual Fund Distribution.

The key feature of Scheme provided to and relied upon by us for framing a fairness opinion on transfer of Demerged Undertaking of LKPFL into Resulting Company are as under:

- Upon the coming into effect of this Scheme and with effect from the Appointed date ("being April 01, 2015 or such other date as may be approved by the High Court of Judicature at Bombay or such other competent authority") and subject to the provisions of this Scheme in relation to the mode of transfer, the Demerged Undertaking (Including all the estate, properties,

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assets, rights, claims, title, interests and authorities of the Demerged Undertaking) of the Demerged Company shall without any further act, instrument, deed, matter or thing, be demerged from LKPFL and transferred to and be vested in or deemed to have been transferred to or vested in, as a going concern, into the Resulting Company;

- As consideration for the transfer, equity shares in the Resulting Company shall be issued to the equity shareholders of the Demerged Company;
- All the Shareholders of the Demerged Company shall become shareholders of the Resulting Company on the record date;
- The equity shares of Resulting Company will be listed and admitted to trading on the BSE. The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertaking as may be necessary in accordance with the applicable Laws or regulations for complying with the formalities of the BSE. On such formalities being fulfilled, the BSE shall list and/ or admit such equity shares also for the purpose of trading.
- SSPA & Co., Chartered Accountants have recommended the following share entitlement ratio for the demerger in their valuation report as under
6 (Six) equity shares of LKPSL of Rs. 2/- each fully paid for every 1 (One) equity share of LKPFL of Rs. 10 each fully paid.
- We have taken the foregoing facts (together with the other facts and assumptions set forth in section III of this opinion) into account when determining the meaning of "fairness" for purposes of this opinion.

III. Limitation of scope and review:

We have relied upon the accuracy and completeness of all information, documents, data and explanations provided to us by the Resulting Company and the Demerged Company including:

- (a) Management certified financials of Demerged Undertaking of LKPFL for Financial Year (FY) 14-15.
- (b) Audited financial statements of LKPSL for FY 14-15.
- (c) Draft Scheme of Arrangement.
- (d) Valuation Report from Independent Chartered Accountant dated May 18, 2015 prepared by SSPA & Co., Chartered Accountants and the relevant explanations provided by them.
- (e) Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain.
- (f) Such other information and explanations as we required and which have been provided by the Management.

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The scope of our work has been limited both in terms of area of business and operations which we have reviewed and the extent to which we have reviewed them.

We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Companies. We have relied upon the accuracy and completeness of all information, documents, data and explanations provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We did not review any financial forecasts relating to the Demerged Companies and the Resulting Company. We have not conducted any individual valuation or appraisal of any of the assets or liabilities of the Demerged Company or the Resulting Company. In particular, we do not express any opinion as to the value of any asset of the Demerged Company or the Resulting Company, whether at current prices or in the future. We also believe that the same bears very limited relevance, given that all the Shareholders of the Demerged Company shall become Shareholders of the Resulting Company on the record date as explained earlier.

We do not express any Opinion as to the price at which shares of the Demerged Companies and/ or the Resulting Company may trade at any time, including subsequent to the date of this opinion. We do not express any Opinion as to any tax or other consequences that might arise from the Scheme. In rendering our Opinion, we assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary Regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Demerged Company, Resulting Company and their respective shareholders.

We or our affiliates, in the ordinary course of business, may have actively traded in securities of the Demerged Company on its own account and for the accounts of their customers and, accordingly, may at any time hold a position in such securities.

Our Opinion solely expressed herein is for the benefit of the Board of the Demerged Company and/ or Resulting Company in connection with and for purposes of its evaluation of the Scheme and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Demerged Company and/ or Transferee Company.

Neither HSL, nor its affiliates, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which we have issued the Opinion. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

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Our opinion is not intended to and does not constitute a recommendation to any shareholder or act in connection with the Scheme or any matter related thereto. Further, this report has been issued for the sole purpose to facilitate the Company to comply with clauses 24(f) and 24(h) of the Listing Agreement and the circular issued by the Securities and Exchange Board of India on February 04, 2013, Circular No. CIR/CFD/DIL/5/2013 and May 21, 2013, Circular No. CIR/CFD/DIL/8/2013 and it shall not be valid for any other purpose.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the transfer and vesting of the Demerged undertaking of the Demerged Company into the Resulting Company as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

CONCLUSION

With reference to the above and based on our examination of the documents including the Scheme and SSPA valuation report, our discussions with the Company and SSPA in this regard and subject to the foregoing, including the various assumptions and limitations set forth herein, to the best of our knowledge and belief, we are of the opinion that the share entitlement ratio recommended in the SSPA valuation report is fair to the equity shareholders.

Yours faithfully

For and on behalf of
Hem Securities Limited



CA Yogesh Malpani
AVP -Investment Banking

Place: Mumbai
Date: 18/05/2015



DCS/AMAL/LP/24(f)/197/2015-16

The Company Secretary
LKP Finance Limited
 112A/ 203 Embassy Centre, Nariman Point,
 Mumbai, Maharashtra, 400021.

Dear Sir / Madam,

Sub: Observation letter regarding the Scheme of Arrangement between LKP Finance Limited and LKP Securities Limited.

We refer to your draft Scheme of Arrangement between LKP Finance Limited and LKP Securities Limited as filed by the company.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated October 20, 2015 given the following comment(s) on the draft scheme of arrangement:

- *LKP Securities Ltd shall comply with the provision of lock-in of equity shares in terms of circular no CIR/CFD/DIL/5/2013 dated February 04,2013 and as confirmed by the company "LKP Finance Limited "vide letter dated August 21,2015.The company is also advised to include the provisions related to lock in of shares in the draft scheme.*
- *The company shall duly comply with various provisions of the Circulars.*

Accordingly, based on aforesaid comments offered by SEBI, the company is hereby advised:

- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

However, the listing of equity shares of LKP Securities Limited on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. Further, LKP Securities Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of LKP Securities Limited is at the discretion of the Exchange. In addition to the above, the listing of LKP Securities Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about LKP Securities Limited and its group companies in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information LKP Securities Limited in line with the details required as per the aforesaid SEBI circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.



BSE Limited (Formerly Bombay Stock Exchange Ltd.)
 Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
 T: +91 22 2272 1234/33 | E: corp.com@bseindia.com | www.bseindia.com
 Corporate Identity Number : U67120MH2005PLC155188

3. To disclose all the material information about LKP Securities Limited to BSE on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - i. The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - ii. "There shall be no change in the shareholding pattern of LKP Securities Limited between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

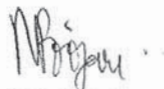
Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the company from complying with any other requirements.

Yours faithfully,



Nitin Pujari
Manager



Lalit Phatak
Asst. Manager



LKP Finance Ltd.

Regd. Off.: 203 Embassy Centre, Nariman Point, Mumbai - 400 021.
 Tel.: 4002 4785 / 86 • Fax : 2287 4787 • Website : www.lkpsec.com
 CIN : L65990MH1984PLC032831

ANNEXURE III

Complaints Report as on 24th July, 2015

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
	Nil		

For LKP Finance Limited

Girish Innani
 Company secretary



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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
(ORDINARY ORIGINAL CIVIL JURISDICTION)
COMPANY SUMMONS FOR DIRECTION NO. 888 of 2015

In the matter of the Companies Act, 1956 and other relevant provisions of Companies Act, 2013;

AND

In the matter of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956 and read with Section 52 and 55 and other relevant provisions of the Companies Act, 2013;

AND

In the matter of the Scheme of Arrangement of LKP Finance Limited, the Transferor Company/ Demerged Company with LKP Securities Limited the Transferee Company/ Resulting Company.

LKP Finance Limited, a company incorporated }
under the Companies Act, 1956 having its }
registered office at 203 Embassy Centre, }
Nariman Point, Mumbai 400 021, Maharashtra, India } ---- Applicant Company

FORM OF PROXY

I/We, _____, the undersigned Equity Shareholder/s of LKP Finance Limited (CIN : L65990MH1984PLC032831), the Applicant Company, do hereby appoint Mr./ Ms. _____ of _____ and failing him/ her Mr./ Ms. _____ of _____ as my/our proxy, to act for me/us at the Court convened meeting of the equity shareholders of the Applicant Company to be held on Monday, the 11th day of January, 2016 at 11:30 a.m. (11.30 hours) at the Indian Merchants' Chamber, IMC Building, 2nd Floor, Kilachand Conference Room, Churchgate, Mumbai 400 020, Maharashtra, India, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1 For Approval of Composite Scheme of Arrangement.
- 2 For Reduction of Securities Premium Account and Capital redemption Reserve Account.

Dated this _____ day of _____ 2016.

Name: _____

Address: _____

No. of shares held: _____ (For Demat holding)

DP Id _____ Client Id. _____

E.mail ID: _____

(For Physical holding)

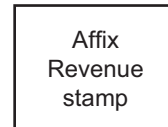
Folio No. _____

Signature of Shareholder(s) :

Sole holder / First holder _____

Second holder _____

Third holder _____



Signature of Proxy:

NOTES:

1. Proxy need not be a member.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. In order to be effective duly completed Proxy form must be deposited at the registered office of the Applicant Company at 203- Embassy Centre, Nariman Point, Mumbai 400 021, Maharashtra, India, not later than FORTY EIGHT hours before the scheduled time of the commencement of the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.



LKP FINANCE LIMITED

Registered office: 203- Embassy Centre, Nariman Point, Mumbai 400 021,

Tel No : 91-022 40024785 ; **Fax No. :** 91-022 22874787

CIN : L65990MH1984PLC032831

Website : www.lkpsec.com **E-mail :** girish_inani@lkpsec.com

Attendance Slip

NOTE: Shareholders attending the meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall.

I hereby record my presence at the meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated 27th November, 2015 of the High Court of Judicature at Bombay, at Indian Merchants' Chamber, IMC Building, 2nd Floor, Kilachand Conference Room, Churchgate, Mumbai 400 020, Maharashtra, India, on Monday, the 11th day of January, 2016 at 11.30 a.m. (11.30 hours).

Name and Address of the Equity Shareholder
(in block letters) :

Folio No. :

DP ID No.* :

Client ID No.* :

No. of Share(s) held :

Full name of the Equity Shareholder / Proxy
(in block capitals)

Signature

*Applicable for Shareholders holding Shares in dematerialised form.

