

# **LKP Finance Limited**



**32<sup>ND</sup> ANNUAL REPORT 2015-2016**

| <b>Board of Directors :</b>                           | <b>DIN</b> |
|---|------------|
| Shri Mahendra V. Doshi<br><i>Executive Chairman</i>   | 00123243   |
| Shri Vineet N. Suchanti                               | 00004031   |
| Shri Hariharan Padmanabhan<br>(upto 3rd August, 2015) | 00214284   |
| Shri Sajid Mohamed<br>(w.e.f. 3rd August, 2015)       | 06878433   |
| Shri Pratik M. Doshi                                  | 00131122   |
| Shri Sayanta Basu                                     | 02128110   |
| Smt. Anjali Suresh                                    | 02545317   |

**Company Secretary :**

Shri Girish B. Innani  
(General Manager - Legal & Company Secretary)

**Auditors :**

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

**Registered Office :**

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

**CIN: L65990MH1984PLC032831****Registrar & Shares Transfer Agent :**

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

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**32nd Annual General Meeting on Friday, 10th June, 2016 at  
10.30 a.m. at M. C. Ghia Hall, Hargovindas Building,  
18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.**

## NOTICE

**NOTICE** is hereby given that the Thirty Second Annual General Meeting of the members of LKP Finance Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001 on Friday 10<sup>th</sup> June, 2016 at 10.30 a.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit & Loss Account for the Financial Year ended on 31st March, 2016 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Mahendra V. Doshi (holding DIN 00123243), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Ford, Rhodes, Parks & Co. LLP Chartered Accountants Firm Registration No. 102860W / W100089, Mumbai as statutory auditors of the Company and fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of section 149, 152 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 25 of the SEBI (Listing obligations and Disclosure requirements) Regulations, 2015, Mr. Sajid Mohamed (holding DIN 06878433) who was appointed as an Additional Director of the Company with effect from August 03, 2015 by the Board of Directors and holds office up to the date of this Annual General Meeting under section 161 of the Companies Act, 2013 (“the act”) and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 37<sup>th</sup> Annual General Meeting of the Company in the calendar year 2021.”

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

“RESOLVED THAT pursuant to Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification or re-enactment thereof), and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the Members be and is

hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board of Directors of the Company or any person(s) authorised by the Board to exercise the powers conferred on the Board of Directors of the Company by this Resolution) to enter into Related Party Transactions as defined under Sub-Section (1) of Section 188 of the Act in the Company or its subsidiaries or associate Companies or any other transaction of whatever nature with the Related Parties.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to determine the actual sums to be involved in the proposed transactions with related parties (including material & significant transactions) and the terms & conditions related thereto and all other matters arising out of or incidental to the proposed transactions and generally to do all such acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution.”

By Order of the Board of Directors

Mumbai  
Date: 2<sup>nd</sup> May, 2016

(M. V. Doshi)  
*Executive Chairman*

### IMPORTANT NOTES:

1. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 (“the Act”), concerning the Special Business in the Notice is annexed hereto and forms part of this Notice. The profile of the Directors seeking reappointment, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PERSON CAN ACT AS PROXY FOR ONLY 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. MEMBER HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.

3. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorising their representatives to attend and vote at the AGM.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members / Proxies / Authorised Representatives should bring the enclosed attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.
6. The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, 6<sup>th</sup> June, 2016 to Friday 10 June, 2016 (both days inclusive).
7. SEBI & the Ministry of Corporate Affairs encourages paperless communication as a contribution to greener environment. Members holding shares in physical mode are requested to register their e-mail ID's with the Adroit Corporate Services Private Limited, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs) in case the same is still not registered. If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Registrars & Share Transfer Agents of the Company in respect of shares held in physical form and to DPs in respect of shares held in electronic form. Members who wish to register their email ID can download the 'Green Initiative' form from the Company's website viz. [www.lkpsec.com](http://www.lkpsec.com).
8. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report including Financial Statements, Board's Report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ids with their respective depository participants or with the Registrars and Share Transfer Agents of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to [info@adroitcorporate.com](mailto:info@adroitcorporate.com) mentioning your Folio/DP ID & Client ID.
9. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's Registrars & Share Transfer Agents. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
10. Members are requested to send all communications relating to shares, and unclaimed dividends, change of address etc. to the Registrar and Share Transfer Agents at the following address:

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

If the shares are held in electronic form, then change of address and change in the Bank Accounts etc. Should be furnished to their respective Depository Participants (DPs).

#### 11. Unclaimed/Unpaid Dividend:

Members are informed that the dividend amount for the year ended 31st March 2009 remaining unclaimed shall become due for transfer on 7<sup>th</sup> July, 2016 respectively to the Investor Education and Protection Fund established by the Central Government in terms of Section 124 of the Companies Act, 2013 on expiry of 7 years from the date of its declaration. Any member, who has not claimed final dividend in respect of the financial year ended 31<sup>st</sup> March 2009 onwards is requested to approach the Company/ the Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 30th June, 2016 for dividend of F.Y.2008- 2009. The Company has already sent reminders to all such members at their registered addresses in this regard.

#### 12. Voting Options:-

##### Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the ensuing Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 7<sup>th</sup> June 2016 (9:00 am) and ends on 9<sup>th</sup> June, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 4<sup>th</sup> June, 2016 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
    - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said

PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder - Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "LKP Finance Limited".
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [lkpfinancescrutinizer@gmail.com](mailto:lkpfinancescrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM[for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

| EVEN (Remote e-voting Event Number) | USER ID | PASSWORD/PIN |
|-------------------------------------|---------|--------------|
|                                     |         |              |

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

**VI.** In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

**VII.** If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

**VIII.** You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

**IX.** The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 4<sup>th</sup> June, 2016.

**X.** Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 4<sup>th</sup> June 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

**XI.** A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

**XII.** A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper.

**XIII.** Mr. V. Ramachandran Practising Company Secretary, Proprietor of M/s V.R. Associates, Company Secretaries, ACS 7731, CP No. 4731 has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

**XIV.** The Chairman shall, at the AGM, at the end of discussions on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

**XV.** The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting by polling papers and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

**XVI.** The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company viz. [www.lkpsec.com](http://www.lkpsec.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

**13. Brief Profile of Director being Appointed / Re-appointed:**

|  |   |   |
|--|---|---|
| Name   | Mr. Mahendra V. Doshi   | Mr. Sajid Mohamed   |
| DIN  | 00123243  | DIN 06878433  |
| Age  | 66 Years  | 37 Years  |
| Date of Appointment  | 5 <sup>th</sup> May 1984  | 3 <sup>rd</sup> August 2015   |
| Qualification  | MBA – U. S. A.  | LL.B.   |
| Expertise  | Mr. Mahendra V. Doshi is the promoter of the Company and is associated with Company since inception. He was appointed as Executive Chairman w.e.f. 26 <sup>th</sup> July, 2001. He has over 39 years vast experience in the field of Finance, Capital Market and Business Administration.   | Advocate, Member, Bar Council of Maharashtra & Goa<br>Extensive experience in the field of Law. |
| Other Directorships  | <ol style="list-style-type: none"> <li>1. Nilkamal Ltd.</li> <li>2. Graviss Hospitality Limited</li> <li>3. LKP Securities Ltd.</li> <li>4. MKM Share and Stock Brokers Ltd.</li> <li>5. Bhavana Holdings Pvt. Ltd.</li> <li>6. LKP Wealth Advisory Pvt. Ltd.</li> <li>7. Peak Plastonics Pvt. Ltd.</li> <li>8. Sea Glimpse Investments Pvt. Ltd.</li> <li>9. SolarEx P V Solutions Pvt. Ltd.</li> <li>10. Salzer Magnet Wires Limited</li> </ol> | 1. Agrud Advisors (India) Pvt. Ltd.   |
| *Chairman / Member of Committee of the Board of the Companies on which he/she is a Director. | LKP Finance Ltd.<br>i. Share Transfer Committee-Chairman<br>ii. CSR Committee -Chairman<br>iii. Audit Committee-Member<br>Graviss Hospitality Limited<br>i. Audit Committee - Chairman<br>ii. Shareholders & Investors Grievance Committee – Member<br>Nilkamal Ltd.<br>i. Audit Committee – Member<br>ii. Remuneration Committee - Member  | Nil   |
| Shareholding in the Company  | 36,82,886 Equity Shares   | Nil   |
| Relationship with any Director(s) of the Company   | He is related to Mr. Pratik M. Doshi, Director of the Company.  | He is not related to any Director or Key Managerial Personnel of the Company.                   |

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**
**Item No. 5**

Mr. Sajid Mohamed was appointed as an Additional Director with effect from August 03, 2015. As Additional Director he holds office as a Director upto the next annual general meeting of the shareholders of the company.

It is proposed to appoint Mr. Sajid Mohamed as independent director under section 149/152 of the Act to hold office for 5 (Five) consecutive years for a term up to the conclusion of 37<sup>th</sup> Annual General Meeting of the company in the calendar year 2021.

As per the current provisions of section 149(10) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015, independent directors are permitted to be appointed for a consecutive period of upto 5 years without being liable to retire by rotation.

Mr. Sajid Mohamed is not disqualified from being appointed as Directors in terms of section 164 of the Act and has given his consent to act as Director.

The company has received notice in writing from a member along with deposit of requisite amount under section 160 of the Act proposing the candidature of Mr. Sajid Mohamed for the office of Director of the Company.

The company has also received declarations from Mr. Sajid Mohamed



that he meets with the criteria of independence as prescribed both under sub section (6) of section 149 of the Act and under regulation 25 of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015.

In the opinion of the Board, Mr. Sajid Mohamed fulfils the conditions for appointment as independent director as specified in the Act, the regulation 25 of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 and Mr. Sajid Mohamed is independent of the management.

Brief profile of Mr. Sajid Mohamed, nature of his expertise in specific functional areas and names of Companies in which he holds directorships and memberships / chairmanships of Board committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided herein above.

Copy of the draft letter for appointment of Mr. Sajid Mohamed as independent director setting out terms and conditions is available for inspection by members at the registered office of the Company.

Mr. Sajid Mohamed is interested in the resolutions set out respectively at item nos. 5 of the notice with regard to his respective appointment.

The relatives of Mr. Sajid Mohamed may be deemed to be interested in the resolution set out respectively at item nos. 5 of the notice, to the extent of their shareholding interest, if any, in the Company.

Save and except above, none of the Directors/ Key Managerial Personnel of the company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The board recommends the Ordinary Resolutions set out at item no. 5 of the notice for approval by the shareholders.

**Item No. 6**

In terms of provisions of Section 188(1) of the Companies Act, 2013 and in terms of various SEBI Circulars governing Related Party Transactions, the company needs to take prior approval of the shareholders, if the transactions with related parties exceed the limits/criteria as mentioned in the Act and SEBI Circulars.

Further, as per the revised SEBI Circulars on Related Party Transactions, all material transactions with related party shall require approval of the Shareholders of the Company through Special Resolution and the related parties shall abstain from voting on such resolutions. "Material Transaction" means any transaction entered either individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company. Our Company transacts with the related parties in the ordinary course of business and at arms' length basis.

Since the transactions entered into / to be entered into between the Company and its subsidiaries or associate Companies which fall under the ambit of related party as per Section 2(76) of the Companies Act, 2013, the related party transactions as specified in Sub-Section (1) of Section 188 of the Companies Act, 2013 requires shareholders' approval.

Details of the transaction entered into / to be entered into with related party (ies) pursuant to Section 188 of the Companies Act, 2013 and which may exceed criteria as mentioned in the Act / Rules thereto are as under :

**(a) Name of the Related Party and Nature of Relationship:**

| Name of the Related Party                        | Nature of Relationship                 |
|--|--|
| LKP Securities Limited                           | Subsidiary Company / Associate Company |
| LKP Wealth Advisory Pvt. Ltd.                    | Fellow Subsidiary Company              |
| Gayatri Cement and Chemical Industries Pvt. Ltd. | Subsidiary Company                     |
| Bhavana Holdings Pvt. Ltd.                       | Directors Interested                   |
| MKM Share and Stock Brokers Limited              | Directors Interested                   |
| Sea Glimpse Investments Pvt. Ltd.                | Director Interested                    |
| Peak Plastonics Pvt. Ltd.                        | Directors Interested                   |
| Alpha Commodity Pvt. Ltd.                        | Directors Interested                   |
| SolarEx P V Solutions Pvt. Ltd.                  | Directors Interested                   |
| a. Mr. Mahendra V. Doshi - Executive Chairman.   | Key Management Personnel (KMP)         |
| b. Mr. Pratik M. Doshi - Director                |  |
| LK Panday  | Directors Interested                   |

**(b) Name of the Director or Key Managerial Personnel who is related, if any:** As specified in Point No. (a) above.

**(c) Natural, material terms, monetary value and particulars of the contract or arrangement:** As may be decided by the Board of Directors at relevant time as per the Special Resolution approved by the Shareholders.

**(d) Any other information relevant or important for the Board/ Members to take a decision:** Nil

The Members are further informed that no Member/s of the Company being a related party or having interest in the Resolution as set out at Item No. 6 hereinabove shall be entitled to vote on this Special Resolution.

Your Directors, therefore, recommend the above resolution by way of a Special Resolution.

Except Promoter Directors and their Relatives (to the extent of the Shareholding interest in the Company), Mr. Mahendra V. Doshi and Mr. Pratik M. Doshi Directors and Key Managerial Personnel's of the Company who are/may be Directors/Shareholders in one or more Bodies Corporate described hereinabove, no other Director and Key Managerial Personnel of the Company is concerned or interested in the said resolution.

By Order of the Board of Directors

Mumbai  
Date: 2<sup>nd</sup> May 2016

(M. V. Doshi)  
Executive Chairman

## DIRECTORS' REPORT

The Directors present the Thirty Second Annual Report and Audited Accounts of the Company for the year ended March 31, 2016.

| <b>FINANCIAL RESULTS</b>                  | <b>2015 – 2016</b>   | <b>2014 – 2015</b>   |
|---|----------------------|----------------------|
|   | <b>(Rs. in lacs)</b> | <b>(Rs. in lacs)</b> |
| Profit before tax                         | <b>1187.54</b>       | <b>2240.91</b>       |
| Less: Tax Expense for the Year            | <b>300.29</b>        | <b>467.23</b>        |
| Profit after tax                          | <b>887.25</b>        | <b>1773.68</b>       |
| Profit brought forward from previous year | <b>1114.99</b>       | <b>2452.47</b>       |
| Amount available for appropriation        | <b>2002.24</b>       | <b>4226.15</b>       |
| <b>APPROPRIATIONS:</b>                    |                      |                      |
| Proposed Dividend                         | --                   | <b>243.96</b>        |
| Tax on Dividend                           | --                   | <b>48.77</b>         |
| Interim Dividend Paid                     | <b>853.86</b>        | <b>1219.80</b>       |
| Tax on interim Dividend                   | <b>173.85</b>        | <b>243.89</b>        |
| Transfer to General Reserve               | --                   | <b>1000.00</b>       |
| Transfer to Special Reserve Fund          | <b>177.45</b>        | <b>354.74</b>        |
| Balance carried to Balance Sheet          | <b>797.08</b>        | <b>1114.99</b>       |

### DIVIDEND

The Company paid an interim dividend during the financial year ended 31<sup>st</sup> March, 2016, Rs. 7/- per equity share (70%) on the equity share capital in March, 2016, amounting to Rs. 8,53,86,161/- (exclusive of tax on dividend).

The Board of Directors did not recommend any final dividend on the Equity Shares and accordingly, the aforesaid payment of interim dividend shall be considered as dividend for the Financial Year ended March 31, 2016.

### PERFORMANCE REVIEW

The Company's total income decreased to Rs. 4538.44 lacs from Rs.8370.41 lacs and profit after tax to Rs. 887.25 lacs from Rs. 1773.68 lacs in the previous year.

The above significant decrease in total income and profit due to adverse capital market conditions.

### SCHEME OF DEMERGER

The Company's petition seeking approval for Scheme of demerger of SEBI Registered Intermediaries Business of the Company into LKP Securities Ltd under sections 391 to 394 of the Companies Act, 1956 and sections 52 and 55 of the Companies act 2013 is pending as on date before the Honourable Bombay High Court. As per the Scheme the equity shareholders of LKP Finance Ltd. shall be allotted 6 fully paid equity shares of Rs.2/- each in LKP Securities Ltd. for every one equity share of Rs.10/- each held by them in LKP Finance Ltd.

### EMPLOYEES STOCK OPTION SCHEME

Pursuant to the approval of shareholders, your Company has instituted the Employees Stock Option Scheme 2010 and 2014. The Scheme is administered by the Nomination and Remuneration Committee of the Board of Directors. The detail of Options granted during the year under review is annexed to this report.

Disclosures under the Companies (Share Capital and Debentures) Rules, 2014 and Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is annexed to this report herewith as "Annexure A".

### FIXED DEPOSITS

The Company has no public deposits as of date and will not accept any deposits without prior approval of the Statutory Authorities concerned.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Auditors function is defined in their letter of engagement. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Executive Chairman.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

### SUBSIDIARIES

Your Company's subsidiary, LKP Securities Ltd. has expanded its geographical reach and now has more than 2500 outlets across India.

As per the Circular No. 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011 issued by Government of India, Ministry of Corporate Affairs, the required financial information in the consolidated balance sheet is given in respect of Company's subsidiaries i.e. LKP Securities Limited, LKP Wealth Advisory Private Limited and Gayatri Cement and Chemical Industries Private Limited, in Form AOC 2 annexed in Annual Report.

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

### DIRECTORS

Mr. Mahendra V. Doshi retires by rotation and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

During the year under review Mr. Hariharan Padmanabhan resigned from the Board due to his preoccupation. His resignation was accepted effective from 3<sup>rd</sup> August 2015. The Board of Directors record their appreciation of the services rendered by Mr. Hariharan Padmanabhan during his term as a Director of the Company.

The Board of Directors appointed Mr. Sajid Mohamed (holding DIN



06878433) as an Additional Directors with effect from 3<sup>rd</sup> August 2015 pursuant to section 161 of the Companies Act, 2013 and Article 64 of Articles of Association of the Company. As Additional Director he holds office only upto the date of the ensuing annual general meeting. The company has received a notice under section 160(1) of the Companies Act, 2013 proposing candidature of Mr. Sajid Mohamed to the office of Director alongwith the requisite deposit.

In accordance with the requirements of Section 149 and 152 of the Companies Act, 2013 appointment of Mr. Saji Mohamed as an Independent Director on the Board of the Company requires approval of the member of the Company.

The requisite Resolution for the appointment of Mr. Sajid Mohamed as an Independent Director, is being proposed in the Notice of the ensuing Annual General Meeting for the approval of the Members.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013.

The information on the particulars of the Directors proposed for appointment/ re-appointment has been given in the Notice of the Annual General Meeting.

#### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and provisions of Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

#### Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

#### Meetings

During the year six Board Meetings and five Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended on March 31, 2016 and state that :

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. the Directors have selected such accounting policies and applied

them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis;
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. there is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **AUDITORS' REPORT**

M/s. Ford, Rhodes, Parks & Co. LLP, Chartered Accountants Firm Reg. No. 102860W/W100089, Mumbai, retire at the conclusion of the forthcoming Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the provision prescribed under Section 139 of the Companies Act, 2013. Your Directors recommend their re-appointment.

#### **SECRETARIAL AUDIT**

Pursuant provisions of section 204 of the Companies Act 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed M/s V. R. Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as "Annexure B".

The observation made in the report with regard to appointment of at least one common Independent Director of Holding Company on the Board of Subsidiaries of the Company as required under Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is self explanatory.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure C".

#### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The company has contributed funds for the promotion of education and medical aid, environmental sustainability etc. The contribution has been made to a registered trust which is mainly undertakes activities specified under Schedule VII of the Companies Act, 2013.

The report on CSR activities is annexed herewith as "Annexure D".

#### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary

course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. The requisite details are given in Form AOC 2 is annexed herewith as 'Annexure E'.

#### **CODE OF CONDUCT:**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Code has been placed on the Company's website [www.lkpsec.com](http://www.lkpsec.com)

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

#### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has established a vigil mechanism to be known as the 'Whistle Blower Policy' for its Directors and employees, to report instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct. The aim of the policy is to provide adequate safeguards against victimization of whistle blower who avails of the mechanism and also provide direct access to the Chairman of the Audit Committee, in appropriate or exceptional cases.

Accordingly, 'Whistle Blower Policy' has been formulated with a view to provide a mechanism for the Directors and employees of the Company to approach the Ethics Counsellor or the Chairman of the Audit Committee of the Company.

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees willing to raise a concern about serious irregularities within the Company.

#### **PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

#### **INFORMATION PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2013**

The information required pursuant to rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms a part of this report. However, as per the first proviso to section 136(1) and second proviso of rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the report and the financial statements are being sent to the members of the Company excluding statement of particulars of employees under rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. If any member is interested in obtaining the copy of the said statement may write to the Company Secretary in advance. The requisite information pursuant to Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as 'Annexure F'

The prescribed particulars of Conservation of Energy, Technology Absorption do not apply to your Company. There are no foreign exchange earnings & outgo during the year under report.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements are furnished herewith and form part of this Report and Accounts. These statements have been prepared on the basis of audited financial statements received from the Subsidiary Companies as approved by their Board of Directors.

#### **CORPORATE GOVERNANCE**

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

#### **ACKNOWLEDGEMENT**

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

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

Mumbai  
Date: 2<sup>nd</sup> May, 2016

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

**Annexure A to the Directors' Report**

Disclosures under the Companies (Share Capital and Debentures) Rules, 2014 and Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

|     |  | <b>Employees Stock Option Scheme 2010<br/>Granted on April 21, 2010</b>  | <b>Employees Stock Option Scheme 2010<br/>Granted on June 26, 2012</b>   | <b>Employees Stock Option Scheme 2014<br/>Granted on January 29, 2015</b>  |
|-----|--|--|--|--|
| 1.  | Options Granted  | 5,99,500   | 4,47,000   | 7,75,000   |
| 2.  | Pricing Formula  | Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options. | At a price of Rs. 80/- per option.   | At a price of Rs. 80/- per option.   |
| 3.  | Options Vested   | 3,90,000   | 3,50,250   | --   |
| 4.  | Options Exercised  | --   | --   | --   |
| 5.  | Total number of Ordinary Shares arising as a result of exercise of Options   | --   | --   | --   |
| 6.  | Options Lapsed/ Forfeited/ Surrendered/ Cancelled  | 2,09,500   | 91,500   | --   |
| 7.  | Variations of terms of Options   | --   | --   | --   |
| 8.  | Money realized by exercise of the Options  | --   | --   | --   |
| 9.  | Total number of Options in force   | 3,90,000   | 3,55,500   | 7,75,000   |
| 10. | Employee-wise details of Options granted to:   |  |  |  |
|     | i) Details of Options granted to senior managerial personnel   |  | --   | --   |
|     | ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that Year.   |  | A total of 7,44,500 options were granted to the Employees of the Company Including its subsidiary and also including the options given in 10 iii) below. | A total of 6,10,000 options were granted to the Employees of the Company Including its subsidiary and also including the options given in 10 iii) below. |
|     | iii) Identified employees, who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant. |  | One employee received 3,90,000 options.  | Two employees received 6,10,000 options in aggregate.  |
| 11. | Diluted Earnings Per Share (EPS) calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended March 31, 2016.  |  | Rs. 6.47   |  |
| 12. | i) Method of calculation of employee compensation cost.  |  | Intrinsic Value  | Intrinsic Value  |
|     | ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if fair value of Options had been used.                          |  | As the fair value is lower than the intrinsic value the charge to profit and loss account is based on intrinsic value.                                   | As the fair value is lower than the intrinsic value the charge to profit and loss account is based on intrinsic value.                                   |
|     | iii) The impact of difference on profits and EPS of the Company for the year ended March 31, 2013 had fair value Options had been used for accounting Employee Options.  |  | There is no change in the reported diluted EPS.  | There is no change in the reported diluted EPS.  |
| 13. | Weighted-average exercise price of options granted is equal/exceeds/less than market price of stock.   |  | All Options granted are exceeds the market price   |  |

**Annexure B to the Directors' Report****Form No. MR 3****SECRETARIAL AUDIT REPORT****For the Financial Year ended March 31, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
LKP Finance Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LKP Finance Limited, (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**not applicable to the company during the audit period**);

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**not applicable to the company during the audit period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (**not applicable to the company during the audit period**) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (vi) Other Applicable Acts;
- (a) Prevention of Money Laundering Act, 2002;
  - (b) RBI regulations on Non-Banking Financial (Non Deposit Accepting or Holding) Companies;
  - (c) The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
  - (d) Employees State Insurance Act, 1948;
  - (e) Payment of Gratuity Act, 1972;
  - (f) The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013;

I/we have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (b) The Listing Agreement entered into by the Company with BSE;
- (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f. 1<sup>st</sup> December, 2015;

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- (i) *The company has not appointed a common independent director on the Board of its subsidiary(ies) as required under clause 49(V)(A) of the listing agreement;*

We further report that

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board

meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not incurred any specific event/ action that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. except as follows:

- (i) *Special resolution passed at the annual general meeting held on 11<sup>th</sup> June, 2015 for adopting a new set of articles of association of the company to bring the articles of association in consonance with the notified provisions of Companies Act, 2013 and the Rules made thereunder;*
- (ii) *Approval by the Court convened meeting of the equity shareholders of the company, of the Composite Scheme of Arrangement amongst the company (transferor company) and LKP Securities (transferee company) and their respective shareholders and creditors pursuant to provision of sections 391 to 394 of the Companies Act, 1956 and/ or 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 SEBI Circular no. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the observation letter issued by BSE Limited dated October 20, 2015, and relevant provisions of applicable laws, and subject to the approval of High Court of Judicature at Bombay;*
- (iii) *Approval by the Court convened meeting of the equity shareholders of the company, by way of Special resolution passed vide remote e-voting and postal ballot dated 12<sup>th</sup> January, 2016 for reduction in securities premium account of the company and capital redemption reserve on account of buy back of equity shares of the company in terms of the Composite Scheme of Arrangement of the company with LKP Securities Limited;*

For V.R. Associates  
Company Secretaries

V. Ramachandran  
CP 4731

Place: Mumbai

Date: 2<sup>nd</sup> May, 2016.

This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

## Annexure "A" to Secretarial Audit Report

To,

The Members

LKP Finance Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on my audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For V.R. Associates  
Company Secretaries

V. Ramachandran  
CP 4731

Place: Mumbai

Date: 2<sup>nd</sup> May, 2016.



**Annexure C to the Directors' Report**
**Form No. MGT 9**
**EXTRACT OF ANNUAL RETURN**
**As on the Financial Year ended on March 31, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN: L65990MH1984PLC032831
- ii) Registration Date: 5<sup>th</sup> May 1984
- iii) Name of the Company: LKP Finance Limited
- iv) Category / Sub-Category of the Company: Company Limited by shares
- v) Address of the Registered office and contact details :  
203, Embassy Centre, Nariman Point, Mumbai 400 021.
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent :  
M/s. Adroit Corporate Services Private Limited  
19, Jafarbhoy Industrial Estate, 1<sup>st</sup> Floor,  
Makawana Road, Marol Naka,  
Andheri ( East), Mumbai 400 059.  
Tel. No.022- 28590942

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Interest & Dividend Income                       | 64990                            | 34.51                              |
| 2       | Profit on sale of Shares and Securities          | 64990                            | 65.49                              |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| S. No. | Name and Address of the Company   | CIN/GLN               | Holding / Subsidiary/ Associate                | % of shares held | Applicable Section |
|--------|---|-----------------------|--|------------------|--------------------|
| 1      | LKP Securities Limited<br>203, Embassy Centre<br>Nariman Point<br>Mumbai, Maharashtra<br>India - 400021   | U67120MH1988PLC080039 | Subsidiary                                     | 99.86            | 2(87)(ii)          |
| 2      | Gayatri Cement & Chemical Industries Private Limited<br>112-A, Embassy Centre<br>Nariman Point<br>Mumbai, Maharashtra<br>India - 400021 400 021 | U99999MH1983PTC115063 | Subsidiary                                     | 100              | 2(87)(ii)          |
| 3      | LKP Wealth Advisory Private Limited<br>203 Embassy Centre<br>Nariman Point<br>Mumbai, Maharashtra<br>India - 400021                             | U67190MH2014PTC256997 | Subsidiary of subsidiary (LKP Securities Ltd.) | 99.98            | 2(87)(ii)          |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

| Category of Shareholders   | No. of Shares held at the beginning of the year<br>01/04/2015 |               |                 |                   | No. Of Shares held at the end of the year<br>31/03/2016 |               |                 |                   | %Change during the year |
|--|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|-------------------------|
|  | Demat   | Physical      | Total           | % of Total Shares | Demat   | Physical      | Total           | % of Total Shares |                         |
| <b>A. Promoters</b>  |   |               |                 |                   |   |               |                 |                   |                         |
| a) Individual/HUF  | 4600333   | --            | 4600333         | 37.71             | 3900333   | --            | 3900333         | 31.97             | -5.74                   |
| b) Central Govt.   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| c) State Govt. (s)   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| d) Bodies Corp.  | 2666622   | --            | 2666622         | 21.87             | 3957727   | --            | 3957727         | 32.45             | 10.58                   |
| e) Banks / FI  | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| f) Any Other...  | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| <b>Sub-total (A) (1):-</b>   | <b>7266955</b>  | <b>--</b>     | <b>7266955</b>  | <b>59.58</b>      | <b>7858060</b>  | <b>--</b>     | <b>7858060</b>  | <b>64.42</b>      | <b>4.84</b>             |
| <b>(2) Foreign</b>   |   |               |                 |                   |   |               |                 |                   |                         |
| a) NRIs - Individuals  | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| b) Other - Individuals   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| c) Bodies Corp.  | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| d) Banks / FI  | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| e) Any Other...  | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| <b>Sub-total (A) (2):-</b>   | <b>--</b>   | <b>--</b>     | <b>--</b>       | <b>--</b>         | <b>--</b>   | <b>--</b>     | <b>--</b>       | <b>--</b>         | <b>--</b>               |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                        | <b>7266955</b>  | <b>--</b>     | <b>7266955</b>  | <b>59.58</b>      | <b>7858060</b>  | <b>--</b>     | <b>7858060</b>  | <b>64.42</b>      | <b>4.84</b>             |
| <b>B.Public Shareholding</b>   |   |               |                 |                   |   |               |                 |                   |                         |
| <b>(1) Institutions</b>  |   |               |                 |                   |   |               |                 |                   |                         |
| a) Mutual Funds  | --  | 1400          | 1400            | 0.01              | --  | 1400          | 1400            | 0.01              | --                      |
| b) Banks / FI  | 50  | 2500          | 2550            | 0.02              | 50  | 2500          | 2550            | 0.02              | --                      |
| c) Central Govt.   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| d) State Govt(s)   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| e) Venture Capital Funds   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| f) Insurance Companies   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| g) FIIs  | 929658  | --            | 929658          | 7.62              | 254177  | --            | 254177          | 2.08              | -5.54                   |
| h) Foreign Venture Capital Funds   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| i) Others (Specify)  | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| <b>Sub-total (B) (1)</b>   | <b>929708</b>   | <b>3900</b>   | <b>933608</b>   | <b>7.65</b>       | <b>254227</b>   | <b>3900</b>   | <b>258127</b>   | <b>2.11</b>       | <b>-5.54</b>            |
| <b>(2) Non - Institutions</b>  |   |               |                 |                   |   |               |                 |                   |                         |
| a) Bodies Corp.  |   |               |                 |                   |   |               |                 |                   |                         |
| i) Indian  | 1067743   | 9012          | 1076755         | 8.83              | 1125735   | 9012          | 1134747         | 9.30              | 0.47                    |
| ii) Overseas   | 727489  | --            | 727489          | 5.96              | 727489  | --            | 727489          | 5.96              | --                      |
| b) Individuals   |   |               |                 |                   |   |               |                 |                   |                         |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakh          | 1145417   | 329713        | 1475130         | 12.11             | 1231320   | 315056        | 1546376         | 12.70             | 0.59                    |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 378596  | --            | 378596          | 3.10              | 331930  | --            | 331930          | 2.72              | -0.38                   |
| c) Others (Specify)  |   |               |                 |                   |   |               |                 |                   |                         |
| c-1) NON RESIDENT INDIANS(INDIVIDUALS)   | 71915   | 101825        | 173740          | 1.42              | 84587   | 100725        | 185312          | 1.52              | 0.10                    |
| c-2) CLEARING MEMBER   | 12658   | --            | 12658           | 0.10              | 2890  | --            | 2890            | 0.02              | -0.08                   |
| c-3) TRUSTS  | 200   | --            | 200             | --                | 200   | --            | 200             | --                | --                      |
| c-4) DIRECTORS   | 152892  | --            | 152892          | 1.25              | 152892  | --            | 152892          | 1.25              | --                      |
| <b>Sub-total (B)(2)</b>  | <b>3556910</b>  | <b>440550</b> | <b>3997460</b>  | <b>32.77</b>      | <b>3657043</b>  | <b>424793</b> | <b>4081836</b>  | <b>33.47</b>      | <b>0.70</b>             |
| <b>Total Public Shareholding(B)= (B) (1)+(B)(2)</b>                              | <b>4486618</b>  | <b>444450</b> | <b>49310688</b> | <b>40.42</b>      | <b>3911270</b>  | <b>428693</b> | <b>4339963</b>  | <b>35.58</b>      | <b>-4.84</b>            |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs.</b>                          |   |               |                 |                   |   |               |                 |                   |                         |
| Promoter and Promoter Group  | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| Public -   | --  | --            | --              | --                | --  | --            | --              | --                | --                      |
| <b>Sub-total (C)</b>   | <b>--</b>   | <b>--</b>     | <b>--</b>       | <b>--</b>         | <b>--</b>   | <b>--</b>     | <b>--</b>       | <b>--</b>         | <b>--</b>               |
| <b>Grand Total (A+B+C)</b>   | <b>11753573</b>   | <b>444450</b> | <b>12198023</b> | <b>100</b>        | <b>11769330</b>   | <b>428693</b> | <b>12198023</b> | <b>100</b>        | <b>0.00</b>             |

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name                | Shareholding at the beginning of the year<br>01/04/2015 |                                  |  | Share holding at the end of the year<br>31/03/2016 |                                  |  | % change in shareholding during the year |
|---------|-----------------------------------|---|----------------------------------|--|--|----------------------------------|--|--|
|         |                                   | No. of Shares   | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                                      | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1       | Mr. M. V. Doshi                   | 4382886   | 35.93                            | 46.92  | 3682886  | 30.19                            | 55.84  | -5.74                                    |
| 2       | Mr. Pratik M. Doshi               | 100722  | 0.83                             | --   | 100722   | 0.83                             | --   | --                                       |
| 3       | Miss. Ira P. Doshi                | 100000  | 0.82                             | --   | 100000   | 0.82                             | --   | --                                       |
| 4       | Mrs. Shital A. Sonpal             | 16725   | 0.14                             | --   | 16725  | 0.14                             | --   | --                                       |
| 5       | Bhavna Holdings Pvt. Ltd.         | 118400  | 0.97                             | --   | 1409505  | 11.55                            | --   | +10.58                                   |
| 6       | Sea Glimpse Investments Pvt. Ltd. | 2547515   | 20.88                            | --   | 2547515  | 20.88                            | --   | --                                       |
| 7       | LKP Securities Ltd                | 707   | 0.01                             | --   | 707  | 0.01                             | --   | --                                       |
|         | <b>Total</b>                      | <b>7266955</b>  | <b>59.58</b>                     |  | <b>7858060</b>                                     | <b>64.42</b>                     |  | <b>+4.84</b>                             |

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

| Sl. No. |   | As on date | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|---|------------|---|----------------------------------|---|----------------------------------|
|         |   |            | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1       | Mr. Mahendra V. Doshi<br>At the beginning of the year             | 01/04/2015 | 4382886                                   | 35.93                            | 4382886                                 | 35.93                            |
|         | Change during the year<br>Sold by Inter-se transfer 700000 shares | 30/03/2016 | --  | --                               | 3682886                                 | 30.19                            |
|         | At the end of Year  | 31/03/2016 |   |                                  | 3682886                                 | 30.19                            |
| 2       | Mr. Pratik M. Doshi<br>At the beginning of the Year               | 01/04/2015 | 100722                                    | 0.83                             | 100722                                  | 0.83                             |
|         | Change during the Year  | --         | --  | --                               | --                                      | --                               |
|         | At the end of Year  | 31/03/2016 | --  | --                               | 100722                                  | 0.83                             |
| 3       | Miss. Ira Pratik Doshi<br>At the beginning of the year            | 01/04/2015 | 100000                                    | 0.82                             | 100000                                  | 0.82                             |
|         | Change during the year  | --         | --  | --                               | --                                      | --                               |
|         | At the end of Year  | 31/03/2016 | --  | --                               | 100000                                  | 0.82                             |
| 4       | Mrs. Shital A Sonpal<br>At the beginning of the year              | 01/04/2015 | 16725                                     | 0.14                             | 16725                                   | 0.14                             |
|         | Change during the year  | --         | --  | --                               | --                                      | --                               |
|         | At the end of Year  | 31/03/2016 | --  | --                               | 16725                                   | 0.14                             |
| 5       | Bhavna Holdings Pvt. Ltd.<br>At the beginning of the year         | 01/04/2015 | 118400                                    | 0.97                             | 118400                                  | 0.97                             |
|         | Change during the year<br>Bought - 591105 shares                  | 08/05/2015 | --  | --                               | 709505                                  | 5.82                             |
|         | Bought by Inter-se transfer 700000 Shares                         | 30/03/2016 | --  | --                               | 1409505                                 | 11.55                            |
|         | At the end of Year  | 31/03/2016 | --  | --                               | 1409505                                 | 11.55                            |
| 6       | LKP Securities Ltd.<br>At the beginning of the year               | 01/04/2015 | 707                                       | 0.01                             | 707                                     | 0.01                             |
|         | Change during the year  | --         | --  | --                               | --                                      | --                               |
|         | At the end of Year  | 31/03/2016 | --  | --                               | 707                                     | 0.01                             |
| 7       | Sea Glimpse Investment Pvt. Ltd.<br>At the beginning of the year  | 01/04/2015 | 25475150                                  | 20.88                            | 2547515                                 | 20.88                            |
|         | Change during the year  | --         | --  | --                               | --                                      | --                               |
|         | At the end of Year  | 31/03/2016 | --  | --                               | 2547515                                 | 20.88                            |

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| SI No.                        | For Each of the Top 10 Shareholders                            | Name Of Shareholder's                | As On Date | No. of Shares held at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------------------------------|--|--------------------------------------|------------|---|----------------------------------|---|----------------------------------|
|                               |  |                                      |            | No. of Shares                                   | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1                             | <b>At the beginning of the year</b>                            | Agrud Capital Pte Ltd                | 01/04/2015 | 727489  | 5.96                             | 727489                                  | 5.96                             |
|                               | Date wise Increase / Decrease in Share holding during the year |                                      |            | NIL   | NIL                              |   |                                  |
|                               | <b>At the End of the year</b>                                  |                                      | 31/03/2016 | 0   | 0.00                             | 727489                                  | 5.96                             |
| 2                             | <b>At the beginning of the year</b>                            | Grovsnor Investment Fund Ltd         | 01/04/2015 | 400000  | 3.28                             | 400000                                  | 3.28                             |
|                               | Date wise Increase / Decrease in Share holding during the year |                                      |            | NIL   | NIL                              |   |                                  |
|                               | <b>At the End of the year</b>                                  |                                      | 31/03/2016 | 0   | 0.00                             | 400000                                  | 3.28                             |
| 3                             | <b>At the beginning of the year</b>                            | Sadguru Express Private Limited      | 01/04/2015 | 181203  | 1.49                             | 181203                                  | 1.49                             |
|                               | Date wise Increase / Decrease in Share holding during the year |                                      |            | NIL   | NIL                              |   |                                  |
|                               | <b>At the End of the year</b>                                  |                                      | 31/03/2016 | 0   | 0.00                             | 181203                                  | 1.49                             |
| 4                             | <b>At the beginning of the year</b>                            | India Max Investment Fund Limited    | 01/04/2015 | 818508  | 6.71                             | 818508                                  | 6.71                             |
|                               | Date wise Increase / Decrease in Share holding during the year |                                      | 17/04/2015 | -850  | 0.01                             | 817658                                  | 6.70                             |
|                               |  |                                      | 08/05/2015 | -580000   | 4.75                             | 237658                                  | 1.95                             |
|                               |  |                                      | 22/05/2015 | 3777  | 0.03                             | 241435                                  | 1.98                             |
|                               |  |                                      | 29/05/2015 | 2914  | 0.02                             | 244349                                  | 2.00                             |
|                               |  |                                      | 03/06/2015 | 2298  | 0.02                             | 246647                                  | 2.02                             |
|                               |  |                                      | 05/06/2015 | 1011  | 0.01                             | 247658                                  | 2.03                             |
|                               |  |                                      | 03/07/2015 | 9990  | 0.08                             | 257648                                  | 2.11                             |
|                               |  |                                      | 10/07/2015 | 10  | 0.00                             | 257658                                  | 2.11                             |
|                               |  |                                      | 07/08/2015 | -6714   | 0.06                             | 250944                                  | 2.06                             |
|                               |  |                                      | 25/09/2015 | -10000  | 0.08                             | 240944                                  | 1.98                             |
|                               |  |                                      | 30/09/2015 | -70000  | 0.57                             | 170944                                  | 1.40                             |
|                               |  |                                      | 25/03/2016 | -20221  | 0.17                             | 150723                                  | 1.24                             |
| 29/03/2016                    | -2546  | 0.02                                 | 148177     | 1.21  |                                  |   |                                  |
| <b>At the End of the year</b> | 31/03/2016   | 0                                    | 0.00       | 148177  | 1.21                             |   |                                  |
| 5                             | <b>At the beginning of the year</b>                            | Padmakshi Financial Services Pvt Ltd | 01/04/2015 | 138646  | 1.14                             | 138646                                  | 1.14                             |
|                               | Date wise Increase / Decrease in Share holding during the year |                                      | 24/04/2015 | 7538  | 0.06                             | 146184                                  | 1.20                             |
|                               |  |                                      | 01/05/2015 | 1338  | 0.01                             | 147522                                  | 1.21                             |
|                               |  |                                      | 08/05/2015 | 1971  | 0.02                             | 149493                                  | 1.23                             |
|                               |  |                                      | 07/08/2015 | -2500   | 0.02                             | 146993                                  | 1.21                             |
|                               |  |                                      | 21/08/2015 | -500  | 0.00                             | 146493                                  | 1.20                             |
|                               |  |                                      | 15/01/2016 | -260  | 0.00                             | 146233                                  | 1.20                             |
|                               |  |                                      | 18/03/2016 | -3591   | 0.03                             | 142642                                  | 1.17                             |
|                               |  |                                      | 25/03/2016 | -3996   | 0.03                             | 138646                                  | 1.14                             |
| <b>At the End of the year</b> | 31/03/2016   | 0                                    | 0.00       | 138646  | 1.14                             |   |                                  |
| 6                             | <b>At the beginning of the year</b>                            | Marytime Trimpex Private Limited     | 01/04/2015 | 50799   | 0.42                             | 50799                                   | 0.42                             |
|                               | Date wise Increase / Decrease in Share holding during the year |                                      | 30/09/2015 | 60000   | 0.49                             | 110799                                  | 0.91                             |
|                               |  |                                      | 09/10/2015 | 20000   | 0.16                             | 130799                                  | 1.07                             |
|                               | <b>At the End of the year</b>                                  |                                      | 31/03/2016 | 0   | 0.00                             | 130799                                  | 1.07                             |
| 7                             | <b>At the beginning of the year</b>                            | Prime India Investment Fund Ltd      | 01/04/2015 | 106000  | 0.87                             | 106000                                  | 0.87                             |
|                               | Date wise Increase / Decrease in Share holding during the year |                                      |            | NIL   | NIL                              |   |                                  |
|                               | <b>At the End of the year</b>                                  |                                      | 31/03/2016 | 0   | 0.00                             | 106000                                  | 0.87                             |
| 8                             | <b>At the beginning of the year</b>                            | Rashmikant Amratlal Shah             | 01/04/2015 | 61031   | 0.50                             | 61031                                   | 0.50                             |
|                               | Date wise Increase / Decrease in Share holding during the year |                                      |            | NIL   | NIL                              |   |                                  |
|                               | <b>At the End of the year</b>                                  |                                      | 31/03/2016 | 0   | 0.00                             | 61031                                   | 0.50                             |

|    |   |                                     |            |            |            |       |      |
|----|---|-------------------------------------|------------|------------|------------|-------|------|
| 9  | <b>At the beginning of the year</b>                               | Gannon Dunkerley<br>Finance Limited | 01/04/2015 | 56272      | 0.46       | 56272 | 0.46 |
|    | Date wise Increase / Decrease in<br>Share holding during the year |                                     |            | <b>NIL</b> | <b>NIL</b> |       |      |
|    | <b>At the End of the year</b>                                     |                                     | 31/03/2016 | 0          | 0.00       | 56272 | 0.46 |
| 10 | <b>At the beginning of the year</b>                               | Skunk Agents Private<br>Limited     | 01/04/2015 | 38000      | 0.31       | 38000 | 0.31 |
|    | Date wise Increase / Decrease in<br>Share holding during the year |                                     | 19/06/2015 | 5475       | 0.04       | 43475 | 0.36 |
|    |   |                                     | 26/06/2015 | 7405       | 0.06       | 50880 | 0.42 |
|    |   |                                     | 30/06/2015 | 2120       | 0.02       | 53000 | 0.43 |
|    | <b>At the End of the year</b>                                     |                                     | 31/03/2016 | 0          | 0.00       | 53000 | 0.43 |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl. No. | For Each of the Directors and KMP                        | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |       |
|---------|--|---|----------------------------------|---|----------------------------------|-------|
|         |  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |       |
| 1       | Mr. Mahendra V. Doshi<br>Executive Chairman              |   |                                  |   |                                  |       |
|         |  | 01/04/2015                                | 4382886                          | 35.93                                   | 4382886                          | 35.93 |
|         |  | 30/03/2016                                | --                               | --                                      | 3682886                          | 30.19 |
|         |  | 31/03/2016                                | --                               | --                                      | 3682886                          | 30.19 |
| 2       | Mr. Pratik M Doshi<br>Director                           |   |                                  |   |                                  |       |
|         |  | 01/04/2015                                | 100722                           | 0.83                                    | 100722                           | 0.83  |
|         |  | 31/03/2016                                | --                               | --                                      | 100722                           | 0.83  |
| 3       | Mr. Sayanta Basu<br>Nominee Director                     |   |                                  |   |                                  |       |
|         |  | 01/04/2015                                | 152892                           | 1.25                                    | 152892                           | 1.25  |
|         |  | 31/03/2016                                | --                               | --                                      | 152892                           | 1.25  |
| 4       | Mr. S. S. Gulati<br>Head Corporate Affairs               |   |                                  |   |                                  |       |
|         |  | 01/04/2015                                | 6646                             | --                                      | 6646                             | 0.05  |
|         |  | 31/03/2016                                | --                               | --                                      | 6646                             | 0.05  |
| 5       | Mr. Girish Kumar Innani<br>GM(Legal) & Company Secretary |   |                                  |   |                                  |       |
|         |  | 01/04/2015                                | --                               | --                                      | --                               | --    |
|         |  | 31/03/2016                                | --                               | --                                      | --                               | --    |

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

|  | Secured Loans<br>excluding deposits | Unsecured Loans    | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                    |
| i) Principal Amount  | 308,991,906                         | 440,040,869        | -        | 749,032,775        |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                  |
| iii) Interest accrued but not due                          | -                                   | -                  | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>308,991,906</b>                  | <b>440,040,869</b> | <b>-</b> | <b>749,032,775</b> |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                    |
| * Addition   | -                                   | -                  | -        | -                  |
| * Reduction  | 198,699,630                         | 40,869,063         | -        | 239,568,693        |
| <b>Net change</b>  | <b>198,699,630</b>                  | <b>40,869,063</b>  | <b>-</b> | <b>239,568,693</b> |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                    |
| i) Principal Amount  | 110,292,276                         | 399,171,806        | -        | 509,464,082        |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                  |
| iii) Interest accrued but not due                          | -                                   | -                  | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>110,292,276</b>                  | <b>399,171,806</b> | <b>-</b> | <b>509,464,082</b> |



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:\* Executive Chairman**

| Sl. no. | Particulars of Remuneration   | Name of MD/WTD/ Manager                     |             |
|---------|---|---|-------------|
|         |   | Mr. Mahendra V. Doshi<br>Executive Chairman |             |
| 1.      | Gross salary  |   |             |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 36,00,000/-                                 | 36,00,000/- |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 18,00,000/-                                 | 18,00,000/- |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | --  | --          |
| 2.      | Stock Option  | --  | --          |
| 3.      | Sweat Equity  | --  | --          |
| 4.      | Commission<br>- as % of profit<br>- others, specify...                              | 8,00,000/--                                 | 8,00,000/-- |
| 5.      | Others, please specify  | --  | --          |
|         | Total (A)   | 62,00,000/-                                 | 62,00,000/- |
|         | Ceiling as per the Act  | 62,74,296/-                                 | 62,74,296/- |

**B. Remuneration to other Directors**

| Sl. no. | Particulars of Remuneration                  | Name of Directors   |                     |                   |                    |                  | Total Amount |
|---------|--|---------------------|---------------------|-------------------|--------------------|------------------|--------------|
|         |  | Mr. Pratik M. Doshi | Mr. Vineet Suchanti | Mr. Sajid Mohamed | Mrs. Anjali Suresh | Mr. Sayanta Basu |              |
| 1.      | Independent Directors                        |                     |                     |                   |                    |                  |              |
|         | ● Fee for attending board committee meetings | --                  | 1,20,000/-          | 80,000/-          | 1,20,000/-         | --               | 3,20,000/-   |
|         | ● Commission                                 | --                  | --                  | --                | --                 | --               | --           |
|         | ● Others, please specify                     | --                  | --                  | --                | --                 | --               | --           |
|         | Total (1)                                    | --                  | 1,20,000/-          | 80,000/-          | 1,20,000/-         | --               | 3,20,000/-   |
| 2.      | Other Non-Executive Directors                |                     |                     |                   |                    |                  |              |
|         | ● Fee for attending board committee meetings | 1,20,000/-          | --                  | --                | --                 | --               | 1,20,000/-   |
|         | ● Commission                                 | --                  | --                  | --                | --                 | --               | --           |
|         | Others, please specify                       | --                  | --                  | --                | --                 | --               | --           |
|         | Total (2)                                    | 1,20,000/-          | --                  | --                | --                 | --               | 1,20,000/-   |
|         | Total (B)=(1+2)                              | 1,20,000/-          | 1,20,000/-          | 80,000/-          | 1,20,000/-         | --               | 4,40,000/-   |
|         | Total Managerial Remuneration                |                     |                     |                   |                    |                  | 4,40,000/-   |
|         | Overall Ceiling as per the Act               |                     |                     |                   |                    |                  | 12,54,859/-  |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

| Sl. no. | Particulars of Remuneration   | Key Managerial Personnel |                   |                             |             |
|---------|---|--------------------------|-------------------|-----------------------------|-------------|
|         |   | CEO                      | Company Secretary | Head Corporate Affairs /CFO | Total       |
| 1.      | Gross salary  |                          |                   |                             |             |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | --                       | 15,60,000/-       | 40,20,000/-                 | 55,80,000/- |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | --                       | 60,000/-          | --                          | 60,000/-    |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | --                       | --                | --                          | --          |
| 2.      | Stock Option  | --                       | --                | --                          | --          |
| 3.      | Sweat Equity  | --                       | --                | --                          | --          |
| 4.      | Commission<br>- as % of profit<br>- others, specify...                              | --                       | --                | --                          | --          |
| 5.      | Others, please specify  | --                       | --                | --                          | --          |
|         | Total (C)   | --                       | 16,20,000/-       | 40,20,000/-                 | 56,40,000/- |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (given details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|-------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                               |                                     |
| Penalty                             |                              |                   |  |                               |                                     |
| Punishment                          |                              |                   |  |                               |                                     |
| Compounding                         |                              |                   |  |                               |                                     |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                               |                                     |
| Penalty                             |                              |                   |  |                               |                                     |
| Punishment                          |                              |                   |  |                               |                                     |
| Compounding                         |                              |                   |  |                               |                                     |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                               |                                     |
| Penalty                             |                              |                   |  |                               |                                     |
| Punishment                          |                              |                   |  |                               |                                     |
| Compounding                         |                              |                   |  |                               |                                     |

**Nil**

## Annexure D to the Directors' Report

### Annual Report on Corporate Social Responsibility (CSR) Activities

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

**CSR policy is stated herein below:**

CSR Policy

(Approved by the Board of Directors on 29.01.2015)

LKP Finance Limited, as a good corporate citizen, has adopted CSR as strategic tool for sustainable growth and has decided to contribute to the development of the communities as a whole. In doing so the Company aims at building a better, sustainable way of life for the weaker sections of society.

The focus areas in which LKP plans to work shall include Education, Health care and Environmental Sustainability. The objectives of the Company for the above activities shall be as follows:-

1. Education: Our endeavour is to spark the desire for learning and enlighten minds. We may undertake to fulfil this objective by way of providing quality education initiatives or by financial assistance to the poor and needy students, undertaking to impart vocational training, adult education programs, girl education, other related infrastructure etc.
2. Health care: Our goal is to render quality health care facilities which we may provide by way of undertaking preventive healthcare programs by way of including but not limited to setting various camps and related infrastructure services, providing of sanitation and making available safe drinking water, etc.
3. Environmental Sustainability: We aim at providing livelihood in an environmentally sustainable manner. For addressing this objective we may undertake afforestation, planting of trees, maintain public garden, playground cleanliness and such other like programs, activities towards maintaining ecological balance, quality of soil, air and water, conservation of natural resources, etc.

Web Link:

[http://www.lkpsec.com/Admin/InvestorInreport/635665217977345000\\_FINAL%20CSR%20POLICY.pdf](http://www.lkpsec.com/Admin/InvestorInreport/635665217977345000_FINAL%20CSR%20POLICY.pdf)

2. Composition of CSR committee

| Name of the Member     | Designation |
|------------------------|-------------|
| Mr. Mahendra V. Doshi  | Chairman    |
| Mr. Vineet N. Suchanti | Member      |
| Mr. Pratik M. Doshi    | Member      |

3. Average net profit of the company for last three financial years:

Average net profit: Rs.14,00,10,113/-

4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)

The company is required to spend Rs.28,00,202/-

5. Details of CSR spent for the financial year :

- a) Total Amount to be spent Rs. 45,50,000/-
- b) Total amount Spent Rs. 7,87,500/-
- c) Amount unspent if any : Rs. 37,62,500/-
- d) Manner in which the amount was spent during the financial year

| Sr. No. | Projects/ Activities | Sector         | Locations | Amount outlay (Budget) project or programme wise (Rs. Lakhs) | Amount spent on the project or programme (Rs. Lakhs) | Cumulative expenditure up to reporting period (Rs. Lakhs) | Amount spent: Direct or through implementing agency* (Rs. Lakhs) |
|---------|----------------------|----------------|-----------|--|--|---|--|
| 1       | Educational Aid      | Literacy       | Mumbai    | 4,87,000/-   | 4,87,000/-   | 4,87,000/-  | 4,87,000/-   |
| 2       | Socio Economic Aid   | Social Project | Mumbai    | 3,00,000/-   | 3,00,000/-   | 3,00,000/-  | 3,00,000/-   |

- e) Details of implementing agency : Smt. Jayalaxmi Vasantrai Doshi Charitable Trust, Mumbai, which is in the process of spending the amount.
- f) The implementing agency has identified rehabilitation project of Devghar village, Ambawane Panchayat in Pune District of Maharashtra State, in which unspent amount will be utilized for the purpose of Education, Health Care and Environmental Sustainability.
- g) The implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

By Order of the Board of Directors

Mumbai  
Date: 2<sup>nd</sup> May 2016

(M. V. Doshi)  
Executive Chairman

**Annexure E to the Directors' Report**

**Form No. AOC-2**

(pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis : **NIL**
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts / arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) date(s) of approval by the Board
  - (g) Amount paid as advances, if any:
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis

|   | Name(s) of the related party and nature of relationship (a) |  |   | Total (Rs. In Lacs)     |
|---|---|--|---|-------------------------|
|   | LKP Securities Ltd .<br>Subsidiary                          | Gayatri Cement &<br>Chemical Industries<br>Pvt Ltd<br>Subsidiary | Key<br>Managerial<br>Personnel                          |                         |
| Nature of contracts /<br>arrangements/ transactions (b) |   |  |   |                         |
| Interest Expense  | 557.28  | ---  | ---   | 557.28                  |
| Remuneration  | ---   | ---  | Mr. M. V. Doshi<br>Mr. S. S. Gulati<br>Mr. G. B. Innani | 62.37<br>41.57<br>16.61 |
| Brokerage Paid  | 37.92   | ---  | ---   | 37.92                   |
| Balance due as on 31.03.2016                            | (2922.27)   | 150.23   | ---   | (2772.04)               |

- (c) Duration of the contracts / arrangements/transactions: 01/04/2015 to 31/03/2016
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Regular and ordinary course of business
- (e) Date(s) of approval by the Board, if any: 02/05/2016
- (f) Amount paid as advances, if any: Nil

By Order of the Board of Directors

Mumbai  
Date: 2<sup>nd</sup> May 2016

(M. V. Doshi)  
Executive Chairman

**Annexure F to the Directors' Report**
**Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

| Name of Director | Designation        | Ratio to median remuneration of the employees* |
|------------------|--------------------|--|
| Mr. M. V. Doshi  | Executive Chairman | 9.53:1   |

- ii. The % increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

| Designation                                | Name of Employee | % Increase in remuneration |
|--|------------------|----------------------------|
| Executive Chairman                         | Mr. M. V. Doshi  | -45.10                     |
| Head Corporate Affairs / CFO               | Mr. S. S. Gulati | 1.26                       |
| General Manger (Legal) & Company Secretary | Mr. G. B. Innani | 8.00                       |

- iii. The % increase in the median remuneration of employees in the financial year : 13.47**

- iv. The number of permanent employees on the rolls of the Company : 18**

- v. The explanation on the relationship between average increase in remuneration and Company's performance:** The Company is paying fixed remuneration to the employees based on responsibility and position. The Company has no policy of paying incentive/bonus based on Company's performance.

- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**

|   |         |
|---|---------|
| Total Remuneration to Key Managerial Personnel (KMP) for the year 2015-2016 (Rs. in Lacs) | 118.40  |
| Income from operations (Rs. in Lacs)  | 4538.44 |
| Remuneration of KMP as % to Revenue   | 2.61    |
| Profit before Tax (PBT) (Rs. in Lacs)   | 1187.54 |
| Total Remuneration of KMP as % of PBT   | 9.97    |

- vii. a) Variations in the market capitalisation of the company:** The market capitalisation of the company as at the closing date of the current financial year and previous financial year has decreased by 21.05%.

- b) Price Earnings Ratio of the Company:** 4.96

- c) Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:** The closing share price of the Company at BSE Limited on 31<sup>st</sup> March, 2016 being Rs. 72.20 per equity share of face value of 10/- each has grown 1.81 times since the last public offer by the Company, which was made in the year 1994.

- viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** The median percentage increase made in the salaries of employees other than the managerial personnel was 13.80%, while the increase in the remuneration of managerial personnel was 1.01 %.



**ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:**

| Particulars             | Amount<br>(Rs. inLacs) |
|-------------------------|------------------------|
| Revenue from operations | 4538.44                |
| Profit before Tax (PBT) | 1187.54                |

| Particulars   | Mr. Mahendra V. Doshi<br>Executive Chairman | Mr. S. S. Gulati<br>CFO | Mr. G. B. Innani<br>GM (Legal) & Company Secretary |
|---|---|-------------------------|--|
| Remuneration of KMP for the year<br>2015-2016 (Rs. in Lacs) | 62.00                                       | 40.20                   | 16.20  |
| Remuneration of KMP as % to Revenue                         | 1.37  | 0.89                    | 0.36   |
| Remuneration of KMP as % of PBT                             | 5.22  | 3.39                    | 1.36   |

- x. The key parameters for any variable component of remuneration availed by the directors:** Executive Chairman is entitled for Commission up to 5 % on net profit to be calculated under the provisions of Companies Act, 2013.
- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the financial year : 1.04:1**
- xii. It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.**

On behalf of the Board of Directors

Date : 2<sup>nd</sup> May, 2016  
Place: Mumbai

M. V. Doshi  
*Executive Chairman*

## REPORT ON CORPORATE GOVERNANCE

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

The Company provides detailed information on various issues concerning the Company's business / performance, to its shareholders. The fundamental philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for meeting its obligations to the shareholders. The Company believes that good Corporate Governance is a continuous process and strive to improve the same to meet shareholder's expectations. The Board of Directors of the Company has adopted the Code of Conduct for its members and senior management executives.

### 2. Board of Directors

#### Composition

The composition and category of Directors as on 31<sup>st</sup> March 2016 are as follows:

| Category                    | Name of Directors      | Designation        |
|-----------------------------|------------------------|--------------------|
| Promoter                    | Mr. M. V. Doshi        | Executive Chairman |
| Independent & Non-executive | Mr. Vineet N. Suchanti | Director           |
| Independent & Non-executive | Mrs. Anjali Suresh     | Director           |
| Independent & Non-executive | Mr. Sajid Mohamed      | Director           |
| Promoter                    | Mr. Pratik M. Doshi    | Director           |
| Nominee                     | Mr. Sayanta Basu       | Director           |

The composition of the Board of Directors is in accordance with the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Non-Executive Independent Directors of your Company have no pecuniary relationship or any transaction with your Company.

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

#### Board Meetings

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

There were six Board Meetings held during the financial year ended 31<sup>st</sup> March 2016, namely on 5<sup>th</sup> May 2015, 18<sup>th</sup> May 2015, 3<sup>rd</sup> August 2015, 29<sup>th</sup> October 2015, 29<sup>th</sup> January 2016 and 17<sup>th</sup> March 2016.

#### Attendance, Other Directorship & Membership

Membership and Attendance of each Director at the Board of Directors' Meetings held during the year and the last Annual General Meeting and the number of other Directorship/ Membership of Board Committees as on 31<sup>st</sup> March 2016:

| S. No. | Name of the Director   | Board Meeting Attended | Attendance at Last AGM | No. of Directorship in Boards (Excluding LKP Finance Ltd.) |         | No. of Chairmanship / Membership in other Board Committees (Excluding LKP Finance Ltd.) |            |
|--------|------------------------|------------------------|------------------------|--|---------|---|------------|
|        |                        |                        |                        | Public   | Private | Chairmanship  | Membership |
| 1      | Mr. Mahendra V. Doshi  | 6                      | Yes                    | 5  | 5       | 1   | 3          |
| 2      | Mr. Vineet N. Suchanti | 6                      | Yes                    | 4  | --      | 2   | --         |
| 3      | Mr. Sajid Mohamed #    | 4                      | Yes                    | --   | 1       | --  | --         |
| 4      | Mr. Hariharan          | --                     | No                     | 3  | 4       | --  | --         |
| 5      | Padmanabhan *          | 4                      | No                     | --   | 10      | --  | --         |
| 6      | Mr. Sayanta Basu       | 6                      | Yes                    | 2  | 7       | --  | --         |
| 7      | Mr. Pratik M. Doshi    | 6                      | No                     | --   | 1       | --  | --         |
|        | Mrs. Anjali Suresh #   |                        |                        |  |         |   |            |

\*Resigned w.e.f. 3<sup>rd</sup> August 2015

# Appointed w.e.f. 3<sup>rd</sup> August 2015

None of the present Directors are relative of each other except Mr. Pratik M. Doshi who is son of Mr. Mahendra V. Doshi.

#### Remuneration of Directors

During the year under review the Company has paid Rs. 62.00 lacs towards remuneration (details of which are provided in the extract of the annual return form MGT 9 'Annexure C' to the Directors' Report) to Mr. Mahendra V. Doshi, Executive Chairman of the Company pursuant to the special resolution passed by members on June 10, 2014. At present, Independent Directors are not paid any remuneration except sitting fees for attending Board Meetings.

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

1. Mr. Sajid Mohamed Rs. 80,000/-
2. Mr. Vineet N. Suchanti Rs. 1,20,000/-
3. Mr. Hariharan Padmanabhan Nil
4. Mr. Pratik M. Doshi Rs. 1,20,000/-
5. Mr. Sayanta Basu Nil
6. Mr. M. V. Doshi Nil
7. Mrs. Anjali Suresh Rs. 1,20,000/-

### 3. Audit Committee

The Board has set up the Audit Committee with two Independent Directors Mr. Vineet N. Suchanti, Mrs. Anjali Suresh and one Promoter Director Mr. M. V. Doshi. Mr. Vineet N. Suchanti is the Chairman of the Audit Committee and was present at the last Annual General Meeting.

Audit Committee meetings were held on 5<sup>th</sup> May 2015, 18<sup>th</sup> May 2015, 3<sup>rd</sup> August 2015, 29<sup>th</sup> October 2015, and 29<sup>th</sup> January 2016. All the members have attended the aforesaid meetings. The Statutory Auditors were the invitees to the above meetings. The scope of activities and powers of Audit Committee includes the areas prescribed under the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, and section 177 of the Companies Act, 2013.

### 4. Stakeholders Relationship Committee

Stakeholders Relationship Committee has been constituted pursuant to the section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure

Requirements) Regulation, 2015, The said Committee is having two Independent Directors Mrs. Anjal Suresh and Mr. Vineet Suchanti. Mrs. Anjali Suresh is appointed as the Chairperson of the Committee. Mr. Girish Innani, General Manager (Legal) & Company Secretary of the Company is Compliance Officer. During the year under review, 2 shareholders' letters/complaints were received about non receipt of Dividend Warrant/s and 1 letter for non receipt Share Certificate after transfer. The Committee meetings were held on 30<sup>th</sup> June 2015, 5<sup>th</sup> October 2015 and 2<sup>nd</sup> January 2016. There is no complaint which has remained un-addressed. No transfer of shares is pending as on date.

M/s. V. R. Associates, Practicing Company Secretaries is conducting Reconciliation of Share Capital Audit, for the Company.

#### **5. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has been constituted by the Company. Mr. Vineet N. Suchanti is the Chairman of the Committee and Mr. Sayanta Basu and Mrs. Anjali Suresh are the members of the Committee.

The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under Part D Schedule II read with regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and section 178 of the Companies Act, 2013. The broad terms of reference of the Nomination and Remuneration Committee therefore include recommending a policy relating to remuneration and employment terms of Executive Chairman, directors and senior management personnel, adherence to the remuneration/employment policy, also to prepare, administrate and monitor Company's Employees Stock Options Plans /Scheme from time to time, as finally approved by the Board of Directors. Preparing the criteria and identify persons who may be appointed as directors or senior management of the Company, preliminary evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting non-compliances, in case if any, to the Board of Directors, recommending draft of the report required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which will form part of the Directors Report to Shareholders, monitor loans to employees and any other matters which the Board of Directors may direct from time to time.

During the financial year ended March 31, 2016, two meetings of the Nomination and Remuneration Committee were held on 30<sup>th</sup> July 2015 and 18<sup>th</sup> March 2016. All the members have attended the aforesaid meetings. At present, Directors are not paid any fees for attending any Committee Meetings.

Policy for selection and Appointment of Directors and their Remuneration

Criteria of selection of Non-executive Directors

The Non-executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board

with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non-executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

A Non-executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and reimbursement of expenses for participation in the Board meetings.

CEO & Executive Chairman / Director – Criteria for selection / appointment

For the purpose of selection of the CEO & Executive Chairman / Director the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO & Executive Chairman / Director

At the time of appointment or re-appointment, the CEO & Executive Chairman / Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Committee and the Board of Directors) and the CEO & Executive Chairman / Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the CEO & Executive Chairman / Director comprises of fixed and variable component as per the provisions of Companies Act, 2013. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits.

#### Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees the Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Executive Chairman will carry out the individual performance review based on the respective defined objectives, qualification, expertise, experience and other factors whilst recommending the annual increment and performance incentive to the Committee for its review and approval.

#### 6. Corporate Social Responsibility (CSR) Committee:

As required under section 135 of the Companies Act, 2013 the Company has formed a CSR committee consisting of the following members.

| Name of the Member     | Designation |
|------------------------|-------------|
| Mr. Mahendra V. Doshi  | Chairman    |
| Mr. Vineet N. Suchanti | Member      |
| Mr. Pratik M. Doshi    | Member      |

The committee met 2 times during the financial year ended March 31, 2016. All the members have attended the aforesaid CSR Committee meetings.

#### 7. Performance Evaluation Of The Board

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

#### 8. Independent Directors Meeting

During the year under review, the Independent Directors met on March 18, 2016, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Non-executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

#### 9. General Body Meetings

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

| Financial Year | Day      | Date                       | Time        |
|----------------|----------|----------------------------|-------------|
| 2014-2015      | Thursday | 11 <sup>th</sup> June 2015 | 11.00 a. m. |

|           |         |                            |             |
|-----------|---------|----------------------------|-------------|
| 2013-2014 | Tuesday | 10 <sup>th</sup> June 2014 | 11.00 a. m. |
| 2012-2013 | Friday  | 31 <sup>st</sup> May 2013  | 11.00 a. m. |

#### Location:

All the above Annual General Meetings of the Company were held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001.

#### Business

| Year      | Special Resolution passed.   |
|-----------|--|
| 2014-2015 | 1. For adoption of new set of Articles of Association  |
| 2013-2014 | 1. For approval for appointment of Mr. M. V. Doshi as Executive Chairman of the Company and payment of Remuneration thereof.<br>2. For approval for appointment of Mr. Pratik M. Doshi as a Whole-time Director in Subsidiary Company- LKP Securities Ltd and payment of Remuneration thereof.<br>3. For approval of Borrowing power of the Board of Directors pursuant to section 180(1)(c) of the Companies Act, 2013. |
| 2012-2013 | No Special resolution passed.  |

During the last year following business had been conducted through Court Convened Meeting and postal ballot the result of which was announced on January 12, 2016.

1. Approval of the Composite Scheme of Arrangement amongst LKP Finance Limited (Transferor Company) and LKP Securities Limited (Transferee Company) and their respective shareholders and creditors.
2. Approval for reduction in the Securities Premium Account of the Company and Capital Redemption Reserve on account of buy back of Equity Shares of the Company in terms of the Composite Scheme of Arrangement of, LKP Finance Limited the Transferor Company, with LKP Securities Limited, the Transferee Company and their respective shareholders and creditors:

#### 10. Disclosure

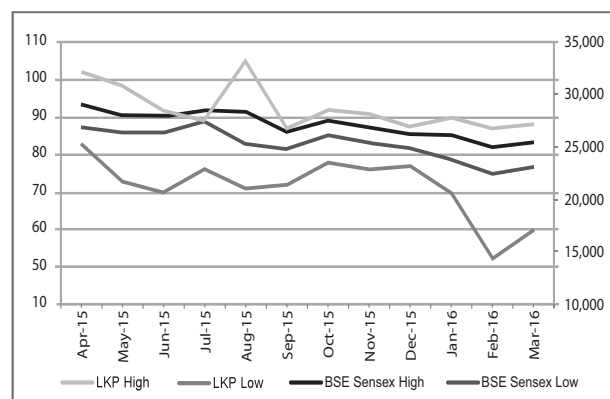
1. The related party detail are disclosed in the notes to financial statements. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board for its approval.
2. During the last three years, there were no strictures or penalties imposed either by Securities and Exchange Board of India or the Stock Exchange or any regulatory authority for non-compliance of any matter related to the capital market.
3. No personnel have been denied access to the Chairman or members of the Audit Committee. The mechanism of Whistle Blower Policy is in place.
4. To the extent possible, the Company has complied with the mandatory requirement of this clause.
5. The Company has complied with all applicable Accounting Standards in preparation of its financial statements pursuant to the amended Schedule III of Companies Act, 2013.

**11. Means of Communication**

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

**12. General Shareholder Information**

|                                 |  |
|---------------------------------|--|
| AGM Date, Time and Venue        | Friday 10 <sup>th</sup> June 2016 at 10.30 a.m. M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001, Maharashtra, India.   |
| Financial Calendar              | April to March<br>Announcement of Audited / Un-audited Results (tentative)<br>1 <sup>st</sup> Quarter - First week of August<br>2 <sup>nd</sup> Quarter - First week of November<br>3 <sup>rd</sup> Quarter - First week of February<br>4 <sup>th</sup> Quarter - First week of May  |
| Book Closure                    | Monday, 6 <sup>th</sup> June, 2016 to Friday 10 June, 2016 (both days inclusive).  |
| Dividend                        | Dividend which remains unpaid or unclaimed declared by the Company for the year ended on March 31, 2009 at the Annual General Meeting held on June 02, 2009 will be transferred to the Investor Education and Protection Fund of the Central Government around 7 <sup>th</sup> July, 2016 pursuant to the provisions of section 124 of the Companies Act, 2013. Thereafter no claim shall lie against the Company on these dividend from the shareholders. |
| Listing on Stock Exchange       | B S E Limited, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017. The Company is taking up the matter with appropriate authority of the Stock Exchange, Ahmedabad subsequent to their refusal for accepting voluntary delisting application.   |
| Demat ISIN No. for Depositories | INE 724A01017  |

**Market Price Data and Performance in comparison to BSE Sensex**


| Month  | LKP High | LKP Low | No. of   | No. of | BSE Sensex |        |
|--------|----------|---------|----------|--------|------------|--------|
|        |          |         | Shares   | Trades | High       | Low    |
| Apr-15 | 102.30   | 83.15   | 1,87,063 | 2,178  | 29,095     | 26,898 |
| May-15 | 98.60    | 73.05   | 7,70,156 | 2,922  | 28,071     | 26,424 |
| Jun-15 | 92.00    | 70.00   | 65,313   | 778    | 27,969     | 26,307 |
| Jul-15 | 89.00    | 76.20   | 79,491   | 555    | 28,578     | 27,416 |
| Aug-15 | 105.05   | 71.05   | 2,62,690 | 2,603  | 28,418     | 25,298 |
| Sep-15 | 87.00    | 72.00   | 1,28,361 | 750    | 26,472     | 24,834 |
| Oct-15 | 92.00    | 78.00   | 91,732   | 1,002  | 27,618     | 26,169 |
| Nov-15 | 91.00    | 76.00   | 59,831   | 409    | 26,824     | 25,451 |
| Dec-15 | 87.50    | 77.00   | 86,366   | 779    | 26,256     | 24,868 |
| Jan-16 | 89.90    | 69.90   | 87,452   | 858    | 26,197     | 23,840 |
| Feb-16 | 87.00    | 52.30   | 55,142   | 611    | 25,002     | 22,495 |
| Mar-16 | 88.00    | 60.00   | 8,85,268 | 1,898  | 25,480     | 23,133 |

**Registrar & share Transfer Agent**

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

**Share Transfer System**

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

**Distribution of shareholding as on 31<sup>st</sup> March 2016**

| Shares Slab    | Share Holders | %             | Total Shares    | Amount (Rs.)     | %             |
|----------------|---------------|---------------|-----------------|------------------|---------------|
| Upto - 100     | 3800          | 63.05         | 294005          | 2940050          | 2.41          |
| 101 - 500      | 1535          | 25.47         | 414777          | 4147770          | 3.40          |
| 501 - 1000     | 342           | 5.67          | 268713          | 2687130          | 2.20          |
| 1001 - 2000    | 172           | 2.85          | 255752          | 2557520          | 2.10          |
| 2001 - 3000    | 56            | 0.93          | 141360          | 1413600          | 1.16          |
| 3001 - 4000    | 15            | 0.25          | 54664           | 546640           | 0.45          |
| 4001 - 5000    | 19            | 0.32          | 88054           | 880540           | 0.72          |
| 5001 -10000    | 43            | 0.72          | 286870          | 2868700          | 2.35          |
| 10001 -20000   | 20            | 0.33          | 280103          | 2801030          | 2.30          |
| 20001 -50000   | 2             | 0.03          | 74000           | 740000           | 0.61          |
| 50001 & Above  | 23            | 0.38          | 10039725        | 100397250        | 82.30         |
| <b>Total :</b> | <b>6027</b>   | <b>100.00</b> | <b>12198023</b> | <b>121980230</b> | <b>100.00</b> |



**Share holding pattern as on 31<sup>st</sup> March 2016**

|   | Category of Shareholder                           | Total number of shares | % to the Shareholding |
|---|---|------------------------|-----------------------|
| 1 | Indian Promoters / Person Acting in Concert       | 7858060                | 64.42                 |
| 2 | Directors other than Promoters                    | 152892                 | 1.25                  |
| 3 | Mutual Fund and UTI                               | 1400                   | 0.01                  |
| 4 | Financial Institutions / Banks and Insurance Com. | 2550                   | 0.02                  |
| 5 | FII's   | 254177                 | 2.08                  |
| 6 | Private Corporate Bodies                          | 1137637                | 9.34                  |
| 7 | Indian Public                                     | 1878506                | 15.40                 |
| 8 | Foreign Corporate Bodies                          | 727489                 | 5.96                  |
| 9 | NRI/OCB   | 185312                 | 1.52                  |
|   | <b>Total</b>                                      | <b>12198023</b>        | <b>100.00</b>         |

**Dematerialization of equity Shares and liquidity**

As on 31<sup>st</sup> March 2016, 96.49 % of the Company's total shares represented by 1,17,69,330 shares were held in dematerialized form.

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

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

**Address for correspondence**

LKP Finance Limited  
 203, Embassy Centre,  
 Nariman Point,  
 Mumbai 400 021

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

Mumbai

**(M. V. Doshi)**

Date: 2<sup>nd</sup> May, 2016

*Executive Chairman*

## CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

LKP Finance Limited

We have examined the compliance of conditions of corporate governance by LKP Finance Limited ("the company") for the year ended on 31<sup>st</sup> March, 2016, as stipulated in clause 49 of the listing agreement of the said company with BSE and Chapter IV of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of the corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the company

has complied with conditions of corporate governance as stipulated in clause 49 of the above mentioned listing agreement and Chapter IV of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015., subject to the following observations:

- (i) *The company has not appointed a common independent director on the Board of its subsidiary(ies) as required under clause 49(V)(A) of the listing agreement;*

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

**For V. R. Associates**  
*Company Secretaries*

**V. Ramachandran**  
 CP 4731

Place: Mumbai

Date: 2<sup>nd</sup> May, 2016.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

2015 proved to be an interesting year for India. India's economic growth surpassed that of China, and it has become the fastest growing developing economy in the world. We expect this growth trend to continue in 2016, driven by strong demographics, declining inflation, lower interest rates and continued focus on economic reforms. After growing at 7.3% in FY2015, we expect GDP growth to further accelerate to 7.5% in FY2016 and 7.7% in FY2017.

India will continue to benefit from the sharp decline in global commodity prices, including that of crude oil. This along with a stable Indian Rupee, will keep inflation under check. While the pace of economic reforms forms may have been slower than expected by market participants, but the steps taken by the government are in the right direction.

### Opportunities and Threats

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

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

LKP Securities Ltd. is one of the reputed broking houses of the country, having a network of 2500 plus outlets across India. The company has put in place a new team to drive the retail business. Moreover this year this business will be spun off as a separate entity to give it more focus.

The Company is empanelled with most of the reputed domestic financial institutions including life and non insurance companies, mutual funds, foreign financial institutions and corporates, apart from having large number of HNI and retail clients. The likely increase in capital mobilisation from the primary market, increase in resource mobilisation by mutual funds and phenomenal growth in secondary market volumes provide significant business opportunities for the Company.

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

### Segment-wise Performance

The Company being a holding Company is engaged in investment activities and other financial services during the year under review, hence the requirement of segment-wise reporting is considered irrelevant.

### Outlook

In India the NDA government has been following – Minimum Government & Maximum Governance and the wide array of measures unleashed by the GOI namely – Make in India, Digital India, Skill India, Start Up India, Smart Cities, UDAY, AMRUT, NITI AAYOG, e-NAM and above all a dynamic Union Budget has made foreign institutional investors adopt a positive view on the Indian Equity markets post the budget. The huge outlay in the budget for Rural India coupled with a normal monsoon prediction

by both the IMD & SKYMET lends optimism as we approach the new financial year 2016-17. India is witnessing growth in the number of DEMAT accounts which grew from 21.8million in FY14 to 23.3million in FY15 and is expected to be 25million in FY16. Retail Broking where LKP is making inroads is presently witnessing a digital transformation and Mobile Trading App is the new buzz word.

### Risks and Concerns

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

The Capital market industry in which your Company is operating is subject to extensive regulation. The Company evaluates the technological obsolescence and the associated risk and makes investment accordingly

### Internal Control Systems and their adequacy

The Company has satisfactory internal control system.

The Company including subsidiaries has an adequate system of internal controls to ensure accuracy of accounting records, compliance with all laws & regulations and compliance with all rules, procedures & guidelines prescribed by the management. An extensive internal audit is carried out by independent firm of Chartered Accountants. An internal team of inspection also regularly visits branches for ensuring regulatory compliance. Post audit reviews are also carried out to ensure follow up on the observations made.

### Financial Performance with respect to Operational Performance

#### Share Capital

The paid up equity share capital of the Company as on March 31, 2016 stands at Rs. 12,19,80,230 divided into 1,21,98,023 equity shares of Rs. 10/- each fully paid up.

#### Net Worth

**The Net Worth of the Company decreased from Rs. 15829.74 lacs to 15689.28 lacs.**

#### Secured Loans

The secured loans decreased to Rs. 2712.74 from Rs. 6231.20 lacs.

#### Total Income

During the year under consideration total income was Rs. 4731.81lacs as against Rs. 8370.41 lacs in the previous year.

#### Other Income

During the year under consideration other income was Rs. 193.37 lacs as against Rs. 23.08 lacs in the previous year.

#### Interest and Finance Charges

During the year under consideration total interest and finance charges were Rs.1673.12 lacs as against Rs. 1735.17 lacs in the previous year.

**Tax Expense**

During the year under consideration the Tax Expense were Rs. 300.29 lacs.

**Human Resources**

There has been no material development on the Human Resource/ Industrial Relations front during the year. As on 31<sup>st</sup> March 2016 the Company had 18 employees.

LKP Securities Ltd. places significant importance to its human capital. As on 31<sup>st</sup> March 2016 there are 562 employees employed by the Company. The company has also provided medical insurance for its employees and family members as a welfare measure. The company has been paying special attention to improve the skill set of the employees through various training programs. All employees are encouraged and motivated to get themselves certified in relevant industry standard certifications such as CFP, NCFM, BSEC & AMFI.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2015-16

- No of complaints received: Nil
- No of complaints disposed off. Nil

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

Mumbai  
Date: 2<sup>nd</sup> May, 2016

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

**COMPLIANCE WITH CODE OF CONDUCT**

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2016.

For LKP Finance Limited

M. V. Doshi  
Executive Chairman

Mumbai  
2<sup>nd</sup> May, 2016

**COMPLIANCE CERTIFICATE**

**[Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

The Board of Directors

LKP Finance Limited

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee that there is no :
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein; if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For LKP Finance Limited

For LKP Finance Limited

M. V. Doshi  
Executive Chairman

S. S. Gulati  
Head Corporate Affairs - CFO

Mumbai  
2<sup>nd</sup> May, 2016

## Independent Auditors' Report To the Members of LKP Finance Limited

We have audited the accompanying Standalone financial statements of LKP Finance Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as issued by Central Government of India in terms of sub section (11) of section 143 of Companies Act, 2013 (18 of 2013) we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014; and
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The company has disclosed pending litigations under Note No. C2 & C3 of the Notes to financial statements as at 31<sup>st</sup> March, 2016. We are informed that the cases when heard and disposed off will neither have cash outgo nor will have impact on the Statement of Profit and Loss for the year.
- b. As represented by the company, there are no long-term contracts including derivative contracts having material foreseeable losses.
- c. As represented by the company, there is no amount required to be transferred to Investor Education and Protection Fund by the Company (Note No C19).
- vii. a) According to the information and explanation given to us and records of the company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, employee's state insurance fund, income tax and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31<sup>st</sup> March 2016.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax as at 31<sup>st</sup> March 2016, which has not been deposited on account of dispute.

For **Ford Rhodes Parks & Co.LLP**  
**Chartered Accountants**  
**FRNo. 102860W/W100089**

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

Place: Mumbai  
Date: 2<sup>nd</sup> May 2016

#### **Annexure A to the Auditors' Report**

#### **[Referred to in paragraph pertaining to "Report on Other Legal and Regulatory Requirement" of our Report of even date to the members of LKP Finance Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016]**

- i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) All the title deeds of immovable properties are held in the name of the company.
- ii. The inventory consists of shares and securities which are held in demat form. No physical verification is required since the same are in demat form. On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory and there are no discrepancies.
- iii. The company has not granted any loans, secured or unsecured to companies/firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- iv. The company has given guarantee on behalf of one of its subsidiaries for an amount of Rs. 8 Crores as at 31<sup>st</sup> March, 2016 and has complied with the provisions of Section 186 of the Companies Act, 2013.
- v. The company has not accepted deposits from public, within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act 2013.
- vi. Maintenance of cost records under sub section (1) of section 148 of Companies Act 2013 is not applicable as the company is a Non Banking Finance Company.
- viii. The Company has not defaulted in repayment of dues to financial institutions and banks during the financial year.
- ix. The Company has not raised any Initial Public Offer or further public offer and not obtained any term loan.
- x. Based upon the audit procedures performed and information and explanations given by the management, we report that we have not come across any instances of fraud by the company or any fraud on the company by its officers or employees that have been noticed or reported during the year nor have we been informed of such a case by management.
- xi. Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- xii. The Company is not a Chit Fund Company/or Nidhi/ mutual benefit fund/society.
- xiii. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. The company has not entered into non-cash transactions covered by Section 192 of Companies Act, 2013 with directors or persons connected with him.
- xvi. The company is registered as Non-banking financial institution (NBFI) and is holding a Certificate of Registration (CoR) from Reserve Bank of India to carry on business of NBFI in terms of Section 45-IA of the RBI Act, 1934.

For **Ford Rhodes Parks & Co.LLP**  
**Chartered Accountants**  
**FRNo. 102860W/W100089**

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

Place: Mumbai  
Date: 2<sup>nd</sup> May 2016



**ANNEXURE B**

**[Referred to in paragraph pertaining to “Report on Other Legal and Regulatory Requirement” of our Report of even date to the members of LKP Finance Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016]**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of****Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **LKP FINANCE LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (**IFCOFR**) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over Financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Ford Rhodes Parks & Co.LLP  
Chartered Accountants  
FRNo. 102860W/W100089**

**A.D. Shenoy  
Partner**

Place: Mumbai  
Date: 2<sup>nd</sup> May 2016

**Membership No.11549**

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**
**Part "A": Subsidiaries**

Amounts in Rs.

| Sl. No. | Particulars   | Details                  |  |                               |
|---------|---|--------------------------|--|-------------------------------|
|         |   | LKP Securities Limited   | Gayatri Cement & Chemical Industries Pvt. Ltd. | LKP Wealth Advisory Pvt. Ltd. |
| 1       | Name of the subsidiary  | LKP Securities Limited   | Gayatri Cement & Chemical Industries Pvt. Ltd. | LKP Wealth Advisory Pvt. Ltd. |
| 2       | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | 01/04/2015 To 31/03/2016 | 01/04/2015 To 31/03/2016                       | 08/08/2015 To 31/03/2016      |
| 3       | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Not Applicable           | Not Applicable                                 | Not Applicable                |
| 4       | Share Capital   | 34,24,82,000/-           | 21,00,000/-                                    | 10,00,000/-                   |
| 5       | Reserves & Surplus  | (4,81,02,836/-)          | (1,75,43,092/-)                                | (2,285/-)                     |
| 6       | Total Assets  | 157,81,82,655/-          | 12,54,756/-                                    | 11,95,393/-                   |
| 7       | Total Liabilities   | 157,81,82,655/-          | 12,54,756/-                                    | 11,95,393/-                   |
| 8       | Investments   | 1,90,15,944/-            | 3,61,037/-                                     | --                            |
| 9       | Turnover  | 58,33,80,178/-           | (8,140/-)                                      | 2,13,122/-                    |
| 10      | Profit before taxation  | (1,15,24,167/-)          | (5,00,128/-)                                   | (16,519/-)                    |
| 11      | Provision for taxation  | 27,89,714/-              | --   | --                            |
| 12      | Profit after taxation   | (1,43,13,881/-)          | (5,00,128/-)                                   | (16,519/-)                    |
| 13      | Proposed Dividend   | --                       | --   | --                            |
| 14      | % of shareholding   | --                       | --   | --                            |

- Names of subsidiaries which are yet to commence operations – Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year. Not Applicable

**Part "B": Associates and Joint Ventures** Not Applicable

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

|   |  |  |  |
|---|--|--|--|
| Name of associates/Joint Ventures   |  |  |  |
| 1. Latest audited Balance Sheet Date  |  |  |  |
| 2. Shares of Associate/Joint Ventures held by the company on the year end     |  |  |  |
| No.   |  |  |  |
| Amount of Investment in Associates/Joint Venture                              |  |  |  |
| Extend of Holding%  |  |  |  |
| 3. Description of how there is significant influence                          |  |  |  |
| 4. Reason why the associate/joint venture is not consolidated                 |  |  |  |
| 5. Net worth attributable to shareholding as per latest audited Balance Sheet |  |  |  |
| 6. Profit/Loss for the year   |  |  |  |
| i. Considered in Consolidation  |  |  |  |
| ii. Not Considered in Consolidation   |  |  |  |

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

As per our Report attached For and on behalf of the Board

**For Ford, Rhodes, Parks & Co. LLP,**  
 Chartered Accountants  
 Firm Reg. No. 102860W/W100089

 Executive Chairman  
 Director  
 Director

**M. V. Doshi**  
**V. N. Suchanti**  
**Sayanta Basu**
**A.D. Shenoy**  
 Partner  
 Membership No. 11549

 Head - Corporate Affairs  
 G M (Legal) & Company Secretary

**S. S. Gulati**  
**G. B. Innani**

Mumbai, Dated: 2nd May 2016

Mumbai, Dated: 2nd May 2016



**BALANCE SHEET AS AT 31ST MARCH, 2016**
**(Rupees)**

| Particulars                        | Note No. | As at<br>31 March 2016      | As at<br>31 March 2015      |
|------------------------------------|----------|-----------------------------|-----------------------------|
| <b>I. EQUITY AND LIABILITIES :</b> |          |                             |                             |
| <b>1 Shareholders' funds</b>       |          |                             |                             |
| (a) Share capital                  | B01      | 121,980,230                 | 121,980,230                 |
| (b) Reserves and surplus           | B02      | 1,446,947,806               | 1,460,993,917               |
| <b>2 Non-current liabilities</b>   |          |                             |                             |
| (a) Long-term provisions           | B03      | 3,862,341                   | 3,862,341                   |
| <b>3 Current liabilities</b>       |          |                             |                             |
| (a) Short-term borrowings          | B04      | 670,446,209                 | 1,063,160,541               |
| (b) Trade payables                 | B05      | 26,588,826                  | 41,118,230                  |
| (c) Other current liabilities      | B06      | 321,417,798                 | 64,999,139                  |
| (d) Short-term provisions          | B07      | 17,384,622                  | 29,273,819                  |
| <b>TOTAL</b>                       |          | <u><u>2,608,627,832</u></u> | <u><u>2,785,388,217</u></u> |
| <b>II. ASSETS :</b>                |          |                             |                             |
| <b>1 Non-current assets</b>        |          |                             |                             |
| (a) Fixed assets (Tangible Assets) | B08      | 5,055,412                   | 5,785,233                   |
| (b) Non-current investments        | B09      | 768,168,617                 | 706,415,152                 |
| (c) Deferred tax assets            |          | 159,700                     | 145,112                     |
| (d) Long-term loans and advances   | B10      | 15,608,434                  | 385,000                     |
| <b>2 Current assets</b>            |          |                             |                             |
| (a) Inventories (Securities)       |          | 328,671,364                 | 399,361,447                 |
| (b) Trade receivables              | B11      | 104,225,761                 | 115,435,189                 |
| (c) Cash and cash equivalents      | B12      | 408,065,621                 | 301,035,514                 |
| (d) Short-term loans and advances  | B13      | 978,672,923                 | 1,256,825,570               |
| <b>TOTAL</b>                       |          | <u><u>2,608,627,832</u></u> | <u><u>2,785,388,217</u></u> |

Notes forming part of the Accounts

A1 to C23

As per our Report attached.

For and on behalf of the Board

**For FORD, RHODES, PARKS & CO. LLP**
*Chartered Accountants*
*Firm Registration No.102860W / W100089*
**A. D. Shenoy**
*Partner*

Membership No 11549

Executive Chairman

**M. V. Doshi**

Director

**V. N. Suchanti**

Director

**Sayanta Basu**

Head - Corporate Affairs

**S. S. Gulati**

GM (Legal) &amp; Company Secretary

**G. B. Innani**

Mumbai

Mumbai

Dated : 2nd May, 2016

Dated : 2nd May, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

(Rupees)

| Particulars                                 | Note No.  | Current Year | Previous Year |
|---|-----------|--------------|---------------|
| <b>I.</b> Revenue from operations           | B14       | 453,843,785  | 834,733,642   |
| <b>II.</b> Other income                     | B15       | 19,337,391   | 2,307,842     |
| <b>III. Total Revenue</b>                   |           | 473,181,176  | 837,041,484   |
| <b>IV.</b> Expenses:                        |           |              |               |
| Employee benefits expense                   | B16       | 57,802,390   | 56,926,321    |
| Finance costs                               |           | 167,311,840  | 173,516,569   |
| Depreciation                                |           | 930,755      | 1,082,398     |
| Other expenses                              | B17       | 128,382,106  | 381,424,547   |
| <b>V. Total Expenses</b>                    |           | 354,427,091  | 612,949,835   |
| <b>VI. Profit before tax</b>                |           | 118,754,085  | 224,091,649   |
| <b>VII. Tax expense (Net ) for the year</b> |           | 30,029,413   | 46,723,068    |
| <b>VIII. Profit after tax</b>               |           | 88,724,672   | 177,368,581   |
| <b>IX.</b> Earnings per equity share:       |           |              |               |
| (1) Basic                                   |           | 7.27         | 14.54         |
| (2) Diluted                                 |           | 6.47         | 13.52         |
| Notes forming part of the Accounts          | A1 to C23 |              |               |

As per our Report attached.

**For FORD, RHODES, PARKS & CO. LLP**  
 Chartered Accountants  
 Firm Registration No.102860W / W100089

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

Mumbai  
 Dated : 2nd May, 2016

For and on behalf of the Board

|                                |                       |
|--------------------------------|-----------------------|
| Executive Chairman             | <b>M. V. Doshi</b>    |
| Director                       | <b>V. N. Suchanti</b> |
| Director                       | <b>Sayanta Basu</b>   |
| Head - Corporate Affairs       | <b>S. S. Gulati</b>   |
| GM (Legal) & Company Secretary | <b>G. B. Innani</b>   |

Mumbai  
 Dated : 2nd May, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

(Rs In Lacs)

|  | Current Year      | Previous Year     |
|--|-------------------|-------------------|
| <b>A. Cash Flow From Operating Activities:</b>       |                   |                   |
| Net Profit before interest & tax                     | 2,860.66          | 3,976.08          |
| Adjustments for:                                     |                   |                   |
| Depreciation   | 9.31              | 10.82             |
| Dividend Received                                    | (57.50)           | (66.21)           |
| Profit on sale of investments                        | (2,355.81)        | (6,361.59)        |
| Irrecoverable loans written off & provision for NPAs | 1,030.44          | - 3,471.58        |
|  | <u>(1,373.56)</u> | <u>(2,945.39)</u> |
| Operating Profit before Working Capital Changes      | 1,487.10          | 1,030.69          |
| Adjustments for working capital changes              | 4,790.15          | (2,185.99)        |
| Cash Generated from operations                       | 6,277.25          | (1,155.30)        |
| Interest paid  | (1,673.12)        | (1,735.17)        |
| Direct taxes paid                                    | (229.82)          | (470.00)          |
| <b>Net cash generated from operating activities</b>  | <u>4,374.31</u>   | <u>(3,360.47)</u> |
| <b>B Cash flow from investing activities</b>         |                   |                   |
| Purchase of fixed assets                             | 7.30              | -                 |
| Purchase of Investments                              | (2,019.87)        | (4,937.38)        |
| Sale of Investments                                  | 3,758.14          | 7,919.26          |
| (Increase) / Decrease in Long term Loans & Advances  | (152.23)          |                   |
| Dividend received                                    | 57.50             | 66.21             |
| <b>Net cash from investing activities</b>            | <u>1,650.84</u>   | <u>3,048.09</u>   |
| <b>C Cash flow from financing activities</b>         |                   |                   |
| Increase / ( Decrease )in borrowings                 | (3,927.14)        | 2,708.97          |
| Buyback of Shares                                    | 0.00              | 0.00              |
| Dividend (including tax)                             | (1,027.71)        | (1,756.43)        |
| <b>Net cash used in financing activities</b>         | <u>(4,954.85)</u> | <u>952.54</u>     |
| Net increase in cash and cash equivalents            | 1,070.30          | 640.16            |
| Cash and cash equivalents. (opening)                 | 3,010.36          | 2,370.19          |
| Cash and cash equivalents. (closing)                 | 4,080.66          | 3,010.36          |

As per our Report attached.

**For FORD, RHODES, PARKS & CO. LLP**  
 Chartered Accountants  
 Firm Registration No.102860W / W100089

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

Mumbai  
 Dated : 2nd May, 2016

For and on behalf of the Board

Executive Chairman **M. V. Doshi**  
 Director **V. N. Suchanti**  
 Director **Sayanta Basu**  
 Head - Corporate Affairs **S. S. Gulati**  
 GM (Legal) & Company Secretary **G. B. Innani**

Mumbai  
 Dated : 2nd May, 2016

**Notes to financial statements for the year ended 31st March, 2016**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Accounting**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ( GAAP) under the historical cost convention on the accrual basis. The financial statements are prepared in accordance with the accounting standards notified by the Central Government, in terms of section 133 of the Companies Act,2013 read with Rule 7 and guidelines issued by the Securities and Exchange Board of India (SEBI) and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known materialized.

**3. Revenue Recognition**

The Company follows the practice of accounting for Income on accrual basis except dividend. In respect of loans and advances, interest is accrued on standard advances and on others are accounted on the basis of certainty of collection, and/or receipt basis. In respect of loans classified as NPA's interest is not accrued from the date the loan is recognized as NPA.

**4. Fixed Assets & Depreciation**

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

The Company provides depreciation on straight line basis on the basis of useful lives of assets as specified in Schedule II to the Companies Act, 2013.

Depreciation on assets sold / purchased during the year is proportionately charged.

**Impairment of Assets**

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

**5. Inventories**

- a) The securities acquired with the intention of short term holding and trading positions are considered as inventories and disclosed as current assets.
- b) The securities held as inventories under current assets are valued at lower of cost or market value. In case of units of mutual fund, net asset value of units declared by the mutual funds as at 31<sup>st</sup> March, 2015 is considered as market value.

**6. Non Current Investments**

Securities which are intended to be held for more than one year are classified as Non Current- Long Term Investments. Investments

are capitalized and accounted at the cost plus brokerage and stamp charges. Provision for diminution in value is made in case the same is other than temporary. Profit or loss on these investments are accounted as and when realized

**7. Earning Per Share**

The Company reports basic and diluted earnings per share in accordance with the Accounting Standard. Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

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

**8. Taxes on Income**

- a) Current Tax: Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.
- b) Minimum Alternative Tax : In the event the income tax liability as per normal provisions of the Income Tax Act, 1961 is lower than the tax payable as per section 115J (Minimum Alternative Tax), tax is provided as per Section 115J.
- c) Deferred Tax : In accordance with the Accounting Standard, the deferred tax for the timing difference is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

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

**9. Employee Benefits**

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

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

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

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

**10. Derivative Transactions.**

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

11. a. Contingent Liabilities are disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.

b. Contingent Assets are neither recognized nor disclosed.

**Notes to financial statements for the year ended 31st March, 2016**

| Particulars                                   | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | Number              | Amount             | Number              | Amount             |
|   | (Rupees)            |                    |                     |                    |
| <b>B01. Share Capital</b>                     |                     |                    |                     |                    |
| <u>Authorised</u>                             |                     |                    |                     |                    |
| Redeemable Preference Shares of Rs 100/- each | 1,000,000           | 100,000,000        | 1,000,000           | 100,000,000        |
| Equity Shares of Rs 10/- each                 | 20,000,000          | 200,000,000        | 20,000,000          | 200,000,000        |
|   |                     | <u>300,000,000</u> |                     | <u>300,000,000</u> |
| <u>Issued, Subscribed &amp; Paid up</u>       |                     |                    |                     |                    |
| Equity Shares of Rs 10/- each                 | 12,198,023          | 121,980,230        | 12,198,023          | 121,980,230        |
| <b>Total</b>                                  | <u>12,198,023</u>   | <u>121,980,230</u> | <u>12,198,023</u>   | <u>121,980,230</u> |

The Equity Shares are listed on BSE Ltd.

| Particulars                                     | Equity Shares |             |
|---|---------------|-------------|
|   | Number        | Rupees      |
| Shares outstanding at the beginning of the year | 12,198,023    | 121,980,230 |
| Shares Issued during the year                   | 0             | 0           |
| Shares bought back during the year              | -             | -           |
| Shares outstanding at the end of the year       | 12,198,023    | 121,980,230 |

| Name of Shareholder              | As at 31 March 2016 |              | As at 31 March 2015 |              |
|----------------------------------|---------------------|--------------|---------------------|--------------|
|                                  | No. of Shares held  | % of Holding | No. of Shares held  | % of Holding |
| Mr Mahendra V Doshi              | 3,682,886           | 30.19        | 4,382,886           | 35.93        |
| Agrud Capital Pte Ltd            | 727,489             | 5.96         | 727,489             | 5.96         |
| India Max Investment Fund Ltd    | 150,723             | 1.24         | 818,508             | 6.71         |
| Sea Glimpse Investments Pvt Ltd  | 2,547,515           | 20.88        | 2,547,515           | 20.88        |
| Bhavana Holdings Private Limited | 1,409,505           | 11.55        | 118,400             | 0.97         |

| Particulars  | Year (Aggregate No. of Shares) |           |           |           |           |
|--|--------------------------------|-----------|-----------|-----------|-----------|
|  | 2015-2016                      | 2014-2015 | 2013-2014 | 2012-2013 | 2011-2012 |
| <b>Equity Shares :</b>   |                                |           |           |           |           |
| Fully paid up pursuant to contract(s) without payment being received in cash | 0                              | 0         | 0         | 0         | 0         |
| Fully paid up by way of bonus shares   | 0                              | 0         | 0         | 0         | 0         |
| Shares bought back   | -                              | -         | 145,971   | 733,495   | -         |

| Particulars   | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---|---------------------|-------------------|---------------------|-------------------|
|   | (Rupees)            |                   |                     |                   |
| <b>B02. Reserves and Surplus</b>  |                     |                   |                     |                   |
| <b>A. Break up of Reserves and movements thereon</b>                        |                     |                   |                     |                   |
| <b>a. Capital Reserves- Share Warrants moneys forfeited</b>                 |                     |                   |                     |                   |
| Opening Balance   |                     | <u>19,400,000</u> |                     | <u>19,400,000</u> |
| Closing Balance   |                     | <u>19,400,000</u> |                     | <u>19,400,000</u> |
| <b>b. Capital Redemption Reserve on account of buyback of Equity shares</b> |                     |                   |                     |                   |
| Opening Balance   |                     | <u>13,294,660</u> |                     | <u>13,294,660</u> |
| Closing Balance   |                     | <u>13,294,660</u> |                     | <u>13,294,660</u> |

|   |                    |                            |                            |
|---|--------------------|----------------------------|----------------------------|
| <b>c. Securities Premium Account</b>                            |                    |                            |                            |
| Balance as per last balance sheet                               |                    | <u>229,870,249</u>         | <u>229,870,249</u>         |
| Closing Balance   |                    | <u>229,870,249</u>         | <u>229,870,249</u>         |
| <b>d. Special Reserve Fund- As per RBI guidelines for NBFCs</b> |                    |                            |                            |
| Opening Balance   |                    | 335,145,211                | 299,671,495                |
| (+) Current Year Transfer                                       |                    | 17,744,934                 | 35,473,716                 |
| (-) Written Back in Current Year                                |                    | -                          | -                          |
| Closing Balance   |                    | <u>352,890,145</u>         | <u>335,145,211</u>         |
| <b>e. General Reserve</b>                                       |                    |                            |                            |
| Opening Balance   |                    | 750,037,431                | 650,793,951                |
| (+) Current Year Transfer                                       |                    | -                          | 100,000,000                |
| (-) Written Back in Current Year                                |                    | -                          | 756,520                    |
| Closing Balance   |                    | <u>750,037,431</u>         | <u>750,037,431</u>         |
| <b>f. Employees Stock Options (ESOPs)</b>                       |                    |                            |                            |
| Opening Balance   |                    | 1,747,202                  | 1,747,202                  |
| (+) Current Year Transfer                                       |                    | -                          | -                          |
| (-) Deferred Employees Compensation                             |                    | -                          | -                          |
| (-) Written Back in Current Year                                |                    | -                          | -                          |
| Closing Balance   |                    | <u>1,747,202</u>           | <u>1,747,202</u>           |
| <b>B. Surplus</b>   |                    |                            |                            |
| Opening balance   |                    | 111,499,164                | 245,247,218                |
| (+) Net Profit for the year                                     |                    | 88,724,672                 | 177,368,581                |
| (-) Transfer to Special Reserve Fund                            |                    | 17,744,934                 | 35,473,716                 |
| (-) Transfer to General Reserve                                 |                    | -                          | 100,000,000                |
| (-) Proposed Dividend   |                    | -                          | 24,396,046                 |
| (-) Tax on Proposed Dividend                                    |                    | -                          | 4,877,773                  |
| (-) Interim Dividend Paid                                       |                    | 85,386,161                 | 121,980,230                |
| (-) Tax on Interim Dividend                                     |                    | 17,384,622                 | 24,388,870                 |
| Closing Balance   |                    | <u>79,708,119</u>          | <u>111,499,164</u>         |
| <b>Total</b>  |                    | <u>1,446,947,806</u>       | <u>1,460,993,917</u>       |
| <b>B03. Long Term Provisions</b>                                |                    |                            | (Rupees)                   |
|   | <b>Particulars</b> | <b>As at 31 March 2016</b> | <b>As at 31 March 2015</b> |
| Contingent Provisions against standard assets                   |                    | <u>3,862,341</u>           | <u>3,862,341</u>           |
|   | <b>Total</b>       | <u>3,862,341</u>           | <u>3,862,341</u>           |



**B04. Short Term Borrowings**

(Rupees)

| Particulars   | As at 31 March 2016 | As at 31 March 2015  |
|---|---------------------|----------------------|
| <b>Secured</b>  |                     |                      |
| (a) From banks.   |                     |                      |
| (Secured By pledge of Fixed Deposit Receipts and Securities. Loan is repayable on demand) | 160,982,127         | 314,127,765          |
| (b) From Corporate.   |                     |                      |
| (Secured by pledge of own and third party securities. Loan is repayable on demand)        | 110,292,276         | 308,382,501          |
| (c) Loans from Corporates   | -                   | 609,406              |
| (Secured by Hypothecation of vehicle)   |                     |                      |
| Unsecured   | 399,171,806         | 440,040,869          |
| <b>Total</b>  | <b>670,446,209</b>  | <b>1,063,160,541</b> |

**B05. Trade Payables**

(Rupees)

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| (a) Trade Payables: |                   |                   |
| Sundry Creditors    | 26,588,826        | 41,118,230        |
| <b>Total</b>        | <b>26,588,826</b> | <b>41,118,230</b> |

**B06. Other Current Liabilities**

|                      |                    |                   |
|----------------------|--------------------|-------------------|
| (a) Statutory Dues   | 9,424,025          | 10,487,016        |
| (b) Unpaid dividends | 11,361,730         | 7,130,814         |
| (c) Other payables   | 300,632,044        | 47,381,309        |
| <b>Total</b>         | <b>321,417,798</b> | <b>64,999,139</b> |

**B07. Short Term Provisions**

(Rupees)

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Proposed Dividend         | -                 | 24,396,046        |
| Dividend Distribution Tax | 17,384,622        | 4,877,773         |
| <b>Total</b>              | <b>17,384,622</b> | <b>29,273,819</b> |

**B08. Fixed Assets**

(Rupees)

| Particulars            | Gross Block                |                          |                             | Accumulated Depreciation   |                                  |                         | Net Block                   |                             |
|------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|----------------------------------|-------------------------|-----------------------------|-----------------------------|
|                        | Balance as at 1 April 2015 | Additions / (Deductions) | Balance as at 31 March 2016 | Balance as at 1 April 2015 | Depreciation charge for the year | Deductions/ Adjustments | Balance as at 31 March 2016 | Balance as at 31 March 2015 |
| <b>Tangible Assets</b> |                            |                          |                             |                            |                                  |                         |                             |                             |
| Buildings              | 11,988,467                 |                          | 11,988,467                  | 9,978,611                  | 93,815                           |                         | 10,072,426                  | 1,916,041                   |
| Furniture and Fixtures | 125,000                    |                          | 125,000                     | 118,750                    | -                                |                         | 118,750                     | 6,250                       |
| Vehicles               | 6,520,661                  | -                        | 6,520,661                   | 3,387,155                  | 593,399                          |                         | 3,980,554                   | 2,540,107                   |
| Office Equipments      | 550,000                    | 200,934                  | 750,934                     | 522,500                    | 31,815                           |                         | 554,315                     | 196,619                     |
| Computer               | 37,000                     | -                        | 37,000                      | 20,697                     | 14,453                           |                         | 35,150                      | 1,850                       |
| Lease Hold Improvement | 852,750                    |                          | 852,750                     | 260,932                    | 197,273                          |                         | 458,205                     | 394,545                     |
| <b>Total</b>           | 20,073,878                 | 200,934                  | 20,274,812                  | 14,288,645                 | 930,755                          | 0                       | 15,219,400                  | 5,055,412                   |
| Previous Year          | 20,073,878                 | 0                        | 20,073,878                  | 12,449,728                 | 1,082,398                        | 756,520                 | 14,288,645                  | 5,785,233                   |

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

**B09. Non Current Investments**

(Rupees)

| Particulars  | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Investments  |                     |                     |
| (a) Investment in Equity instruments   | 393,323,882         | 416,400,417         |
| (b) Investment in Preference shares  | 290,000,000         | 290,000,000         |
| (c) Investment in Mutual Funds   | 14,735              | 14,735              |
| (d) Investment in Property   | 84,830,000          | -                   |
| <b>Total</b>   | <b>768,168,617</b>  | <b>706,415,152</b>  |
| Aggregate amount of quoted investments (Market value Rs.36,96,85,439/- (Previous Year Rs 56,81,07,784/-) | 252,675,367         | 275,808,151         |
| Aggregate amount of unquoted investments   | 515,493,250         | 430,607,000         |

**Details of Investments in Securities**

| Sr. No.  | Name of the Body Corporate                    | Subsidiary / Others | No. of Shares / Units |                    | Amount          |                    |
|----------|---|---------------------|-----------------------|--------------------|-----------------|--------------------|
|          |   |                     | 31st March 2016       | 31st March 2016    | 31st March 2015 | 31st March 2015    |
| <b>a</b> | <b>Investment in Equity Instruments</b>       |                     |                       |                    |                 |                    |
|          | City Union Bank Limited                       | Others              | 92,417                | 0                  |                 | 2,671,688          |
|          | Godfrey Philips                               | Others              | 10,000                | 13,376,488         |                 | 0                  |
|          | Maharashtra Polybutane Ltd                    | Others              | 300,000               | 666,189            |                 | 666,189            |
|          | Mercator Lines Limited                        | Others              | 4,171,942             | 80,454,561         |                 | 55,475,813         |
|          | McDowell Holdings Ltd                         | Others              | 309,308               | 10,346,353         |                 | 10,346,353         |
|          | NHPC Ltd                                      | Others              | 131,910               | 3,050,198          |                 | 3,050,198          |
|          | Nilkamal Ltd                                  | Others              | 86,000                | 44,451,290         |                 | 40,745,500         |
|          | Spicejet                                      | Others              | 370,000               | 23,477,388         |                 | 0                  |
|          | South Indian Bank Limited                     | Others              | 1,000,000             | 0                  |                 | 20,647,019         |
|          | Shree Cements                                 | Others              | 500                   | 5,744,325          |                 | 5,744,325          |
|          | Zee Learn Limited                             | Others              | 206,450               | 7,407,260          |                 | 0                  |
|          | Thomas Cook (India) Ltd                       | Others              | 440                   | 18,474             |                 | 18,474             |
|          | Thomas Cook (India) Ltd                       | Others              | 299,912               | 548,518            |                 | 2,101,424          |
|          | Thomas Cook (India) Ltd                       | Others              | 246,000               | 35,081,233         |                 | 120,635,233        |
|          | Suzlon Energy                                 | Others              | 1,500,000             | 28,038,355         |                 | 13,691,200         |
|          | Business India                                | Others              | 500,000               | 15,000,000         |                 | 15,000,000         |
|          | Gayatri Cement & Chemicals Industries Pvt.Ltd | Subsidiary          | 21,000                | 16,400,000         |                 | 16,400,000         |
|          | LKP Securities Ltd.                           | Subsidiary          | 26,203,600            | 107,996,700        |                 | 107,940,450        |
|          | The Hindustan Times Ltd.                      | Others              | 5,600                 | 1,256,500          |                 | 1,256,500          |
|          | The Saraswat Co-op Bank Ltd.                  | Others              | 1,005                 | 10,050             |                 | 10,050             |
|          |   |                     |                       | <b>393,323,882</b> |                 | <b>416,400,416</b> |
| <b>b</b> | <b>Investments in Preference Shares</b>       |                     |                       |                    |                 |                    |
|          | LKP Securities Ltd-Preference Shares          | Subsidiary          | 2,900,000             | 290,000,000        |                 | 290,000,000        |
|          |   |                     |                       | <b>290,000,000</b> |                 | <b>290,000,000</b> |
| <b>c</b> | <b>Investments in Mutual Funds</b>            |                     |                       |                    |                 |                    |
|          | BenchMark Mutual Fund.                        | Others              | 147.342               | 14,735             |                 | 14,735             |
| <b>d</b> | <b>Investments in Property</b>                |                     |                       |                    |                 |                    |
|          | Flat at Pune                                  |                     |                       | 84,830,000         |                 | -                  |
|          | <b>Total</b>                                  |                     |                       | <b>768,168,617</b> |                 | <b>706,415,151</b> |

1) The Company holds 99.86% of Equity Share capital &amp; 100.00% of Preference Share Capital of LKP Securities Ltd

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

| <b>B10. Long Term Loans &amp; Advances</b>  |                     | (Rupees)             |  |
|---|---------------------|----------------------|--|
| Particulars   | As at 31 March 2016 | As at 31 March 2015  |  |
| Security Deposit  | 15,608,434          | 385,000              |  |
| <b>Total</b>  | <b>15,608,434</b>   | <b>385,000</b>       |  |
| <b>B11. Trade Receivables</b>   |                     |                      |  |
| Trade receivables outstanding for a period more than six months                   |                     |                      |  |
| Unsecured.  | 104,225,761         | 115,435,189          |  |
| <b>Total</b>  | <b>104,225,761</b>  | <b>115,435,189</b>   |  |
| <b>B12. Cash and cash equivalents</b>   |                     |                      |  |
| a. Balances with banks  |                     |                      |  |
| In unpaid dividend accounts   | 11,361,730          | 7,130,814            |  |
| In Current Accounts   | 13,700,597          | 40,897,516           |  |
| In FDRs with Bank - more than 12 months maturity                                  | 303,000,000         | 100,000,000          |  |
| In FDRs with Bank - less than 12 months maturity<br>(bank has a lien on the FDRs) | 80,000,000          | 153,000,000          |  |
| b. Cash on hand   | 3,294               | 7,184                |  |
| <b>Total</b>  | <b>408,065,621</b>  | <b>301,035,515</b>   |  |
| <b>B13. Short term loans and advances</b>   |                     |                      |  |
| Secured.  | 375,544,251         | 672,217,466          |  |
| Unsecured, considered good  | 562,633,637         | 546,008,151          |  |
| [net of provision for NPAs Rs.4,03,42,166/-]                                      |                     |                      |  |
| Advance Tax net of provision for tax  | 40,495,035          | 38,599,953           |  |
| <b>Total</b>  | <b>978,672,923</b>  | <b>1,256,825,570</b> |  |
| <b>B14. Revenue from Operations</b>   |                     |                      |  |
| Interest Income   | 152,325,945         | 131,296,227          |  |
| Dividend  | 5,750,321           | 6,621,259            |  |
| Profit on sale of shares & securities   | 295,767,519         | 696,816,156          |  |
| <b>Total</b>  | <b>453,843,785</b>  | <b>834,733,642</b>   |  |
| <b>B15. Other Income</b>  |                     |                      |  |
| Baddebts recovered  | 18,115,730          | -                    |  |
| Miscellaneous Income  | 307,944             | 2,307,842            |  |
| Excess Provision for NPA Written back   | 913,717             | -                    |  |
| <b>Total</b>  | <b>19,337,391</b>   | <b>2,307,842</b>     |  |
| <b>B16. Employee Benefits Expenses</b>  |                     |                      |  |
|   |                     | (Rupees)             |  |
| (a) Salaries and allowances   | 54,124,668          | 55,807,881           |  |
| (b) Contribution to Provident fund & ESIC   | 372,116             | 266,778              |  |
| (c) Contribution to LIC Group Gratuity Fund                                       | 688,208             | 85,219               |  |
| (d) Staff welfare expenses  | 2,617,398           | 766,443              |  |
| <b>Total</b>  | <b>57,802,390</b>   | <b>56,926,321</b>    |  |

**B17. Other Expenses**

| <b>Particulars</b>  | <b>2015-2016</b>   | <b>2014-2015</b>   |
|---|--------------------|--------------------|
| Rent, Rates & Taxes   | 1,232,797          | 1,082,590          |
| Repairs - Others  | 82,752             | 102,019            |
| Advertisement   | 127,020            | 124,108            |
| Directors Fees  | 440,000            | 150,000            |
| Travelling & Conveyance   | 1,417,574          | 1,613,451          |
| Postage, Telegram & Telephones                                    | 486,303            | 760,836            |
| Legal and Professional Charges                                    | 11,473,241         | 21,141,700         |
| Printing & Stationery   | 495,086            | 208,150            |
| Auditors Remuneration :   |                    |                    |
| Audit fees  | 356,343            | 300,000            |
| Tax audit fees  | 25,000             | 25,000             |
| Donation  | 200,000            | -                  |
| CSR Expenses  | 2,800,000          | 1,750,000          |
| Provision for Diminution in value of investments / (written back) | 0                  | 0                  |
| Irrecoverable loans written off                                   | 103,957,624        | 332,542,066        |
| Provision for NPAs (Net)  | -                  | 14,616,460         |
| Miscellaneous Expenses  | 5,288,366          | 7,008,167          |
| <b>Total</b>  | <b>128,382,106</b> | <b>381,424,547</b> |

**Notes to financial statements for the year ended 31st March, 2016**
**C. Notes :**
**1. Contingent Liabilities:**

- Guarantee given to a Bank on behalf of a Subsidiary – Rs 8 crores. (Previous Year Rs 8 crores)
- Claim against the Company not acknowledged as debt Rs. 33.99 Lacs , against which the company has deposited full amount in the Honorable High Court of Mumbai. The matter is pending.
- A winding up petition filed by the Company against a borrower has been admitted by the Honorable High court of Mumbai. The recovery if any will be accounted for when the money is received from official Liquidator.
- The Company has filed arbitration cases for Rs. 25.1 Lacs against two borrower for which it has received a favourable award from the arbitrator for Rs. 21.38 Lacs plus interest. The opposing parties have filed appeals in the Honorable High court of Mumbai for which the matter is pending. The adjustment to the claim and interest will be accounted in the year of settlement.
- The Company's petition seeking approval for Scheme of demerger of SEBI Registered Intermediaries business of the company into LKP Securities Ltd under Sections 391 to 394 of the Companies Act, 1956 and sections 52 and 55 of the Companies act 2013 is pending as on date before the Honourable Bombay High Court. As per the Scheme the equity shareholders of LKP Finance Ltd shall be allotted 6 fully paid equity shares of Rs.2/- each in LKP Securities Ltd for every one equity share of Rs.10/- each held by them in LKP Finance Ltd. Pending approval, accounting adjustments as set out in the draft Scheme for demerger have not been carried out in the financial year 2015-16.

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

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

|   | <b>31.03.2016</b>  | 31.03.2015  |
|---|--------------------|-------------|
|   | <b>Rs. in lacs</b> | Rs. in lacs |
| a. Present value of obligation at the beginning of the year | 71.56              | 63.32       |
| b. Current service cost                                     | 5.54               | 5.07        |
| c. Interest Cost  | 5.72               | 3.65        |
| d. Benefits paid  | (1.64)             | (16.50)     |
| e. Actuarial (Gain)/Loss                                    | 0.52               | 16.02       |
| f. Present value of the obligation at the end of the year   | 81.70              | 71.56       |

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

|   | <b>31.03.2016</b>  | 31.03.2015  |
|---|--------------------|-------------|
|   | <b>Rs. in lacs</b> | Rs. in lacs |
| a. Fair value of Plan Assets at the beginning of the year | 83.32              | 71.60       |
| b. Expected return on Plan Assets                         | 7.64               | 8.48        |
| c. Contributions  | 5.51               | 19.74       |
| d. Benefits paid  | (1.64)             | (16.50)     |
| e. Actuarial (Gain)/Loss on Plan Assets                   | Nil                | Nil         |
| f. Fair value of Plan Assets at the end of the year       | 94.84              | 83.32       |

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

|    |  | 31.03.2016<br>Rs. in lacs | 31.03.2015<br>Rs. in lacs |
|----|--|---------------------------|---------------------------|
| a. | Present value of obligation at the end the year                      | 81.70                     | 71.60                     |
| b. | Fair value of Plan Assets at the end of the year                     | 94.84                     | 83.32                     |
| c. | Excess of Fair value of Plan Assets over present value of obligation | 13.14                     | 11.77                     |

III) Expenses charged to Statement of Profit & Loss.

|    |  | 31.03.2016<br>Rs. in lacs | 31.03.2015<br>Rs. in lacs |
|----|--|---------------------------|---------------------------|
| a. | Expenses charged to Statement of Profit & Loss Account | 6.88                      | 0.82                      |

6. Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the company. The areas for CSR activities are as per Schedule VII of the Companies Act, 2013. An amount of Rs. 28.00 Lakhs has been spent for the CSR activities during the year.

7. Managerial Remuneration.

a) Remuneration to Executive Chairman Mr M V Doshi.

|                                | Rs. in lacs  |
|--------------------------------|--------------|
| Salary                         | 36.00        |
| Commission                     | 8.00         |
| Contribution to Provident Fund | 0.22         |
| Perquisites                    | 18.15        |
| <b>Total</b>                   | <b>62.37</b> |

b) Sitting fees to Directors : 4.40

8. Particulars with respect to Earnings per share is calculated as follows:

|   | Current Year | Previous Year |
|---|--------------|---------------|
| Profit after Tax ( Rs in lacs )               | 887.25       | 1,773.69      |
| Weighted Average Number of Shares Outstanding | 12,198,023   | 12,198,023    |
|   | Rs. Ps.      | Rs. Ps.       |
| Earnings per share (Basic)                    | 7.27         | 14.54         |
| Earnings per share (Diluted)                  | 6.47         | 13.52         |
| Face Value per Share                          | 10           | 10            |

9. Trade receivables

Trade receivables as at 31<sup>st</sup> March 2016 include Rs. 13.36 Lacs (Previous year Rs. 13.36)

due from a Company where a director is interested.

10. Taxation :

A. Tax expenses for the year comprises of :

|      |  |                       |
|------|--|-----------------------|
| i.   | Current Tax.                             | Rs 265 Lacs           |
| ii.  | Deferred Tax Asset for the year          | Rs (0.15) Lacs        |
| iii. | Short Provision for tax of earlier years | Rs 35.44 Lacs         |
|      | <b>Total</b>                             | <b>Rs 300.29 lacs</b> |

B. Income Tax assessments have been completed up to Asst. Year 2013- 2014. There are no demands outstanding.

11. Balances shown under the head of Current Assets, Loans and Advances are considered as good and recoverable by the management.

12. As per the Accounting Standard , disclosure regarding related parties as defined in the Accounting Standards are given below :

(i) List of related parties and relationships.

| Name of the Related Party                      | Relationship              |
|--|---------------------------|
| LKP Securities Ltd.                            | Subsidiary Company        |
| Gayatri Cement & Chemical Industries Pvt. Ltd. | Subsidiary Company        |
| LKP Wealth Advisory Pvt. Ltd.                  | Fellow Subsidiary Company |
| Peak Plastonics Pvt. Ltd.                      | Directors Interested      |
| MKM Share & Stock Brokers Ltd.                 | Directors Interested      |
| Sea Glimpse Investments Pvt. Ltd.              | Director Interested       |
| Bhavna Holdings Pvt. Ltd.                      | Directors Interested      |
| Alpha Commodity Pvt. Ltd.                      | Directors Interested      |
| SolarEx P V Solutions Pvt. Ltd.                | Directors Interested      |
| M/s. L.K. Panday                               | Directors Interested      |
| Mr. M V Doshi                                  | Key Managerial Personnel  |
| Mr. G B Innani                                 | Key Managerial Personnel  |
| Mr. S.S. Gulati                                | Key Managerial Personnel  |

(ii) Transaction with related parties.

|                              | Subsidiary Company<br>LKP Securities Ltd | Subsidiary Company<br>Gayatri Cement & Chemical Industries Pvt Ltd | Key Managerial Personnel | Total (Rs. In Lacs) |
|------------------------------|--|--|--------------------------|---------------------|
| Interest Expense             | 557.28                                   | ---  | ---                      | 557.28              |
| Remuneration                 | ---                                      | ---  | 120.55                   | 120.55              |
| Brokerage Paid               | 37.92                                    | ---  | ---                      | 37.92               |
| Balance due as on 31.03.2016 | (2922.27)                                | 150.23   | ---                      | (2772.04)           |

13. Expenditure in Foreign Currency

|                | Rs. in lacs | Previous year<br>Rs. in lacs |
|----------------|-------------|------------------------------|
| Foreign Travel | NIL         | NIL                          |

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

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

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

(a) provided 0.25% of Standard Assets amounting to Rs. NIL (Previous year Rs NIL). The Contingent Provision against Standard Assets as on 31.03.2016 is Rs 38.62 lacs (Previous year Rs 38.62 lacs)

(b) appropriated 20% of the Net Profits Rs 177.45 lacs (Previous year Rs 354.74 lacs) to Special Reserve Fund.

15. Tax Deducted at Source on income: Rs. 129.82 lacs (Previous Year

Rs. 106.34 lacs)

16. The Company has provided Rs. NIL ( Previous year Rs 146.16 lacs) against NPAs.
17. The company has no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31<sup>st</sup> March, 2016.
18. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31<sup>st</sup> March, 2016
19. Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. 15,23,000 ESOPs are outstanding as on 31<sup>st</sup> March,2016. None of the options have been exercised so far.
20. During the year the company has entered into Futures & Options contracts on the National Stock Exchange in the Equity & Currency Segments and on the Multi Commodity Exchange of India Ltd. in the commodity segment. The open position as on 31.03.2016 is Rs 7,048.06 lacs (Previous Year Rs 4,246.31 lacs).
21. The Management has reviewed the loans against shares portfolio as at the year end. On such review and inspite of best efforts made to recover the amounts due, Rs 1039.57 lacs was found to be bad and irrecoverable, and the same have been written off in the accounts.
22. Balance sheet of a non deposit taking non-banking financial company  
 (As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms {Reserve Bank} Directions, 2007)

(Rs. In Lakh)

**Liabilities Side:**

|   | Amount Outstanding | Amount Overdue |
|---|--------------------|----------------|
| <b>(1) Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:</b> |                    |                |
| (a) Debentures : Secured  | NIL                | NIL            |
| : Unsecured   | NIL                | NIL            |
| (Other than falling within the meaning of public deposit*)  |                    |                |
| (b) Deferred Credits  | NIL                | NIL            |
| (c) Term Loans  | NIL                | NIL            |
| (d) Inter-corporate Loans and Borrowings  | NIL                | NIL            |
| (e) Commercial Paper  | NIL                | NIL            |
| (f) Other Loans (specify Nature)  | 6,704.46           | NIL            |

**Asset Side**

|  | Amount Outstanding |
|--|--------------------|
| <b>(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)</b> |                    |
| (a) Secured  | 3,755.44           |
| (b) Unsecured  | 6,031.28           |
| (Comprises advance income tax paid, capital advances & miscellaneous dues)                                     |                    |
| <b>(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>        | NIL                |
| (i) Lease assets including lease rentals under sundry debtors  | NIL                |
| (a) Financial Lease  | NIL                |
| (b) Operating Lease  | NIL                |
| (ii) Stock on hire including hire charges under sundry debtors   | NIL                |
| (a) Assets on hire   | NIL                |
| (b) Repossessed Assets   | NIL                |
| (iii) Other loans counting towards AFC activities  | NIL                |
| (a) Loans where assets have been repossessed   | NIL                |
| (b) Loans other than (a) above   | NIL                |
| <b>(4) Break up of Investments:</b>  |                    |
| <b>Current Investments</b>   |                    |
| 1. Quoted:   |                    |
| (i) Shares (a) Equity  | NIL                |
| (b) Preference   | NIL                |
| (ii) Debentures and Bonds  | NIL                |
| (iii) Units of mutual funds  | NIL                |
| (iv) Government Securities   | NIL                |
| (v) Others: (a) Certificate of Deposit   | NIL                |
| (b) Commercial Paper   | NIL                |
| 2. Unquoted:   |                    |
| (i) Shares (a) Equity  | NIL                |
| (b) Preference   | NIL                |
| (ii) Debentures and Bonds  | NIL                |
| (iii) Units of mutual funds  | NIL                |
| (iv) Government Securities   | NIL                |
| (v) Others: (a) Certificate of Deposit   | NIL                |
| (b) Commercial Paper   | NIL                |
| <b>Long Term Investments</b>   |                    |
| 1. Quoted  |                    |
| (i) Shares: (a) Equity   | 2,526.60           |
| (b) Preference   | NIL                |
| (ii) Debentures and Bonds  | NIL                |
| (iii) Units of mutual funds  | 0.15               |
| (iv) Government Securities   | NIL                |



|    |                              |          |
|----|------------------------------|----------|
|    | (v) Others: (Please specify) | NIL      |
| 2. | Unquoted:                    |          |
|    | (i) Shares (a) Equity        | 1,406.62 |
|    | (b) Preference               | 2,900.00 |
|    | (ii) Debentures and Bonds    | NIL      |
|    | (iii) Units of mutual funds  | NIL      |
|    | (iv) Government Securities   | NIL      |
|    | (v) Others: (Please specify) | NIL      |
|    | Share warrants               | NIL      |
|    | Total                        | 6,833.37 |

**(5) Borrower group-wise classification of assets financed as in (2) and (3) above :**

| Category                        | Amount net of provisions |           |          |
|---------------------------------|--------------------------|-----------|----------|
|                                 | Secured                  | Unsecured | Total    |
| 1. Related Parties              |                          |           |          |
| (a) Subsidiaries                | NIL                      | 150.23    | 150.23   |
| (b) Companies in the same group | -                        | -         | -        |
| (c) Other related parties       | -                        | -         | -        |
| 2. Other than related parties   | 3,755.44                 | 6,031.28  | 9,786.72 |
| Total                           | 3,755.44                 | 6,181.51  | 9,936.95 |

**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

| Category                        | Amount net of provisions                     |                               |
|---------------------------------|--|-------------------------------|
|                                 | Market Value / Break Up or fair value or NAV | Book Value (Net of Provision) |
| 1. Related Parties              |  |                               |
| (a) Subsidiaries                | 3,098.20                                     | 4,143.96                      |
| (b) Companies in the same group | -  | -                             |
| (c) Other related parties       | -  | -                             |
| 2. Other than related parties   | 3,858.51                                     | 3,537.72                      |
| Total                           | 6,956.71                                     | 7,681.68                      |

**(7) Other information**

| Particulars                             | Amount |
|---|--------|
| (i) Gross Non-Performing Assets         |        |
| (a) Related parties                     | -      |
| (b) Other than related parties          | 806.84 |
| (ii) Net Non-Performing Assets          | -      |
| (a) Related parties                     | -      |
| (b) Other than related parties          | 403.42 |
| ( iii ) Assets pledged/taken charge of. | 243.80 |

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

As per our Report attached.

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

Chartered Accountants

Firm Registration No.102860W / W100089

**A. D. Shenoy**

Partner

Membership No 11549

Mumbai

Dated : 2nd May, 2016

For and on behalf of the Board

Executive Chairman

**M. V. Doshi**

Director

**V. N. Suchanti**

Director

**Sayanta Basu**

Head - Corporate Affairs

**S. S. Gulati**

GM (Legal) & Company Secretary

**G. B. Innani**

Mumbai

Dated : 2nd May, 2016

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF LKP FINANCE LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of LKP Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (including one step down subsidiaries) (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors and the Boards of its subsidiaries in the Group, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence is sufficient and appropriate to provide a basis for our unqualified audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements of the Group give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements of the Group.
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements of the Group have been kept so far as it appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement of the Group dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion the aforesaid consolidated financial statements of the Group comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiaries as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Holding Company and its subsidiaries, none of the directors of the Holding and Subsidiary Companies are disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **Annexure A**
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Holding and the Subsidiary Companies have disclosed in their financial statements matters relating to pending cases before the Judicial Authorities. The company expects no cash outgo and there will be no impact on the consolidated financial position of the Group.
    - ii. As represented by the company, there are no long-term contracts including derivative contracts having material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For **Ford Rhodes Parks & Co.LLP**  
Chartered Accountants  
FRNo. 102860W/W100089

**A.D. Shenoy**  
Partner

Membership No.11549

Place: Mumbai  
Date: 2<sup>nd</sup> May 2016

**ANNEXURE A**

[Referred to in paragraph pertaining to “Report on Other Legal and Regulatory Requirement” of our Report of even date to the members of LKP Finance Limited on the Consolidated financial statements for the year ended 31<sup>st</sup> March, 2016]

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **LKP Finance Limited** (hereinafter referred to as “the Holding Company”) and its subsidiaries (including one step down subsidiaries) (the Holding Company and its subsidiaries together referred to as “the Group”), as of March 31, 2016 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Respective Board of Director’s of Holding Company’s and its subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (**IFCOFR**) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over Financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the holding Company and its subsidiary Company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Ford Rhodes Parks & Co.LLP**  
**Chartered Accountants**  
**Firm Registration No.102860W/W100089**

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

Place: Mumbai  
Date: 2<sup>nd</sup> May 2016

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016**

| Particulars  | Note No.      | As at 31.03.2016     | As at 31.03.2015     |
|--|---------------|----------------------|----------------------|
| <b>I. EQUITY AND LIABILITIES :</b>                         |               |                      |                      |
| <b>1 Shareholders' funds</b>                               |               |                      |                      |
| (a) Share capital  | C- B1         | 121,980,230          | 121,980,230          |
| (b) Reserves and surplus                                   | C- B2         | 1,381,299,595        | 1,410,176,234        |
| <b>2 Non-current liabilities</b>                           |               |                      |                      |
| (a) Long-term borrowings                                   | C- B3         | 24,585,018           | 19,363,480           |
| (b) Long-term provisions                                   | C- B4         | 13,256,343           | 11,536,177           |
| <b>3 Current liabilities</b>                               |               |                      |                      |
| (a) Short-term borrowings                                  | C-B5          | 1,417,727,446        | 1,644,668,120        |
| (b) Trade payables   | C-B6          | 522,177,933          | 460,575,932          |
| (c) Other current liabilities                              | C-B7          | 38,017,010           | 29,163,220           |
| (d) Short-term provisions                                  | C-B8          | 17,384,622           | 29,273,819           |
| <b>TOTAL</b>   |               | <u>3,536,428,197</u> | <u>3,726,737,212</u> |
| <b>II. ASSETS :</b>  |               |                      |                      |
| <b>Non-current assets</b>                                  |               |                      |                      |
| <b>1 (a) Fixed assets</b>                                  | C-B9          |                      |                      |
| a. Tangible assets   |               | 38,158,463           | 47,514,987           |
| b. Intangible assets                                       |               | 17,774,100           | 18,163,064           |
| c. Goodwill on consolidation                               |               | 69,814,500           | 69,758,450           |
| (b) Non-current investments                                | C-B10         | 372,149,097          | 311,531,333          |
| (c) Deferred tax asset (net)                               |               | 37,521,184           | 38,879,366           |
| (d) Long-term loans and advances                           | C-B11         | 71,745,983           | 71,897,561           |
| (e) Other non current assets                               |               | 20,088,827           | 16,497,581           |
| <b>2 Current assets</b>                                    |               |                      |                      |
| (a) Inventories ( Securities)                              |               | 336,073,375          | 399,361,447          |
| (b) Trade receivables                                      | C-B12         | 874,454,318          | 906,371,040          |
| (c) Cash and cash equivalents                              | C-B13         | 610,643,671          | 517,764,590          |
| (d) Short-term loans and advances                          | C-B14         | 1,078,898,161        | 1,310,025,477        |
| (e) Other Current Assets                                   |               | 9,106,518            | 18,972,316           |
| <b>TOTAL</b>   |               | <u>3,536,428,197</u> | <u>3,726,737,212</u> |
| Notes forming part of the Consolidated Financial Statement | C-A1 to C-C13 |                      |                      |

**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

| Particulars  | Note No.      | Current Year      | Previous Year      |
|--|---------------|-------------------|--------------------|
| <b>I. Revenue from operations</b>                          | C-B15         | 1,017,964,003     | 1,413,306,492      |
| <b>II. Other income</b>                                    | C-B16         | 38,818,614        | 17,879,044         |
| <b>III. Total Revenue (I + II)</b>                         |               | 1,056,782,617     | 1,431,185,536      |
| <b>IV. Expenses:</b>                                       |               |                   |                    |
| Employee benefits expense                                  | C-B17         | 328,071,783       | 328,784,702        |
| Finance costs  |               | 202,279,938       | 198,723,083        |
| Depreciation   |               | 14,609,094        | 35,860,039         |
| Other expenses   | C-B18         | 405,108,531       | 654,333,827        |
| <b>V. Total expenses</b>                                   |               | 950,069,346       | 1,217,701,651      |
| <b>VI. Profit Before Tax</b>                               |               | 106,713,271       | 213,483,885        |
| <b>VII. Tax expense for the year</b>                       |               | 32,819,127        | 35,727,122         |
| <b>VIII. Profit After Tax</b>                              |               | <u>73,894,144</u> | <u>177,756,763</u> |
| <b>IX. Earnings per equity share:</b>                      |               |                   |                    |
| (1) Basic  |               | 6.06              | 14.57              |
| (2) Diluted  |               | 5.39              | 12.96              |
| Notes forming part of the Consolidated Financial Statement | C-A1 to C-C13 |                   |                    |

As per our Report attached.  
**For FORD, RHODES, PARKS & CO. LLP**  
 Chartered Accountants  
 Firm Registration No.102860W / W100089

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

Mumbai  
 Dated : 2nd May, 2016

For and on behalf of the Board  
 Executive Chairman **M. V. Doshi**  
 Director **V. N. Suchanti**

Director **Sayanta Basu**  
 Head -Corporate Affairs **S. S. Gulati**

GM (Legal) &  
 Company Secretary **G. B. Innani**

Mumbai  
 Dated : 2nd May, 2016

As per our Report attached.  
**For FORD, RHODES, PARKS & CO. LLP**  
 Chartered Accountants  
 Firm Registration No.102860W / W100089

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GM (Legal) &  
 Company Secretary **G. B. Innani**

Mumbai  
 Dated : 2nd May, 2016

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

|  |                   | Previous<br>Year  |
|--|-------------------|-------------------|
|  | Rs in Lacs        | Rs in Lacs        |
| <b>A. Cash Flow From Operating Activities:</b>       |                   |                   |
| Net Profit/(Loss) before tax and Interest            | 3,089.93          | 4,122.07          |
| Adjustments for:                                     |                   |                   |
| Depreciation   | 146.09            | 348.95            |
| Dividend Received                                    | (61.22)           | (67.19)           |
| Profit on sale of investments                        | (2,359.76)        | (6,353.21)        |
| Irrecoverable loans written off & provision for NPAs | <u>1,030.44</u>   | <u>3482.08537</u> |
|  | (1,244.45)        | (2,589.37)        |
| Operating Profit before Working Capital Changes      | 1,845.48          | 1,532.70          |
| Adjustments for working capital changes              | 542.29            | (463.30)          |
| Cash Generated from operations                       | 2,387.77          | 1,069.41          |
| Interest paid  | (2,022.80)        | (1,987.23)        |
| Direct taxes paid                                    | (252.80)          | (357.27)          |
| Net cash used in operating activities                | <u>(2,275.60)</u> | <u>(2,344.50)</u> |
|  | 112.16            | (1,275.10)        |
| <b>B. Cash flow from investing activities</b>        |                   |                   |
| Purchase of fixed assets                             | (46.63)           | (153.11)          |
| Sale of fixed assets                                 | 7.30              | 9.66              |
| Purchase of Investments                              | (2,019.87)        | (3,737.87)        |
| Sale of Investments                                  | 3,772.89          | 7,940.52          |
| Dividend received                                    | <u>61.22</u>      | <u>67.19</u>      |
| Net cash from investing activities                   | 1,774.92          | 4,126.38          |
| <b>C. Cash flow from financing activities</b>        |                   |                   |
| Increase / ( Decrease ) in borrowings                | 69.42             | 86.21             |
| Dividend paid  | <u>(1,027.71)</u> | <u>(1,756.43)</u> |
| Net cash used in financing activities                | (958.29)          | (1,670.22)        |
| Net increase in cash and cash equivalents            | 928.79            | 1,181.06          |
| Cash and cash equivalents. (opening)                 | 5,177.65          | 3,996.59          |
| Cash and cash equivalents. (closing)                 | 6,106.44          | 5,177.65          |

As per our Report attached.  
**For** FORD, RHODES, PARKS & CO. LLP  
 Chartered Accountants  
 Firm Registration No.102860W / W100089

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

Mumbai

Dated : 2nd May, 2016

For and on behalf of the Board  
 Executive Chairman **M. V. Doshi**  
 Director **V. N. Suchanti**

Director **Sayanta Basu**  
 Head -Corporate Affairs **S. S. Gulati**

GM (Legal) &  
 Company Secretary **G. B. Innani**  
 Mumbai

Dated : 2nd May, 2016

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**C-A. Significant Accounting Policies**
**1. Basis Of Accounting**

The Financial Accounts Have Been Prepared On Historical Cost Convention. The Company Follows The Accrual Basis Of Accounting. The Financial Statements Are Prepared In Accordance With The Accounting Standards Specified In The Companies (Accounting Standards) Rules, 2006, As Amended, Notified By The Central Government, In Terms Of Section 211 (3C) Of The Companies Act, 1956 And The Guidelines Issue By The Reserve Bank Of India ('Rbi') As Applicable To A Non Banking Finance Company ('Nbfcc'). The Accounting Policies Have Been Consistently Applied By The Company And Are Consistent With Those Used In The Previous Year.

**2. Depreciation :**

The Company Provides Depreciation As Under:

- On Assets For Own Use : On Written Down Value Method At The Rates And In The Manner Specified In Schedule Xiv To The Companies Act 1956 As Amended On 16<sup>th</sup> December, 1993.
- On Assets Acquired And Leased: On Straight Line Method At The Rates So As To Write Off The Assets Over The Period Of Lease.
- Leasehold Improvements : Leasehold Improvements Are Written Off Over The Period Of Lease.

**3. Principles Of Consolidation**

- The Consolidated Financial Statements Relate To Lkp Finance Ltd ('The Company') And Its Subsidiary Companies.

The Consolidated Financial Statements Have Been Prepared On The Following Basis.

-- The Financial Statements Of The Company And Its Subsidiary Companies Have Been Combined On A Line-By-Line Basis By Adding Together Income And Expenses, After Fully Eliminating Inter-Group Balances And Inter-Group Transactions.

-- The Consolidated Financial Statements Have Been Prepared Using Uniform Accounting Policies For Like Transactions And Other Events In Similar Circumstances And Are Presented To The Extent Possible, In The Same Manner As The Company's Separate Financial Statements.

-- The Excess Of Cost To The Company Of Its Investments (In The Subsidiary Companies) Over The Share Capital Of Its Subsidiaries Is Recognised In The Financial Statements As Goodwill.

-- No Disclosure Has Been Made For Share Of Profit And Share In Net Assets Of The Subsidiary, Lkp Securities Ltd In Respect Of Minority Interest (0.19% Of The Subsidiary's Equity Capital).

- The Subsidiary Companies In The Consolidated Financial Statements Are:

| Name of the Company                             | Country of Incorporation | % of voting power held as at 31st March, 2016 |
|---|--------------------------|---|
| 1. LKP Securities Limited                       | India                    | 99.86   |
| 2. Gayatri Cement & Chemical Industries Pvt Ltd | India                    | 100.00  |

- LKP Securities Limited
- Gayatri Cement & Chemical Industries Pvt Ltd

**(c) Other Significant Accounting Policies**

These Are Set Out In The Notes To Accounts Under Statement Of Accounting Policies Of The Financial Statements Of The Company And Subsidiaries Lkp Securities Limited & Gayatri Cement & Chemical Industries Pvt Ltd.

- Segment Reporting And Related Information Is Not Given, As The Same Is Not Applicable To The Company And Its Subsidiaries As There Is Only One Segment.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

| B01. Share Capital<br>Particulars            | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | Number              | Amount             | Number              | Amount             |
| <b>Authorised</b>                            |                     |                    |                     |                    |
| Redemable Preference Shares of Rs 100/- each | 1,000,000           | 100,000,000        | 1,000,000           | 100,000,000        |
| Equity Shares of Rs 10/- each                | 20,000,000          | 200,000,000        | 20,000,000          | 200,000,000        |
|  |                     | <u>300,000,000</u> |                     | <u>300,000,000</u> |
| <b>Issued, Subscribed &amp; Paid up</b>      |                     |                    |                     |                    |
| Equity Shares of Rs 10/- each                | 12,198,023          | 121,980,230        | 12,198,023          | 121,980,230        |
| <b>Total</b>                                 | <u>12,198,023</u>   | <u>121,980,230</u> | <u>12,198,023</u>   | <u>121,980,230</u> |

The Equity Shares are listed on BSE Ltd

| Particulars                                     | Equity Shares |             |
|---|---------------|-------------|
|   | Number        | Rupees      |
| Shares outstanding at the beginning of the year | 12,198,023    | 121,980,230 |
| Shares Issued during the year                   | 0             | 0           |
| Shares bought back during the year              | -             | -           |
| Shares outstanding at the end of the year       | 12,198,023    | 121,980,230 |

| Name of Shareholder              | As at 31 March 2016 |              | As at 31 March 2015 |              |
|----------------------------------|---------------------|--------------|---------------------|--------------|
|                                  | No. of Shares held  | % of Holding | No. of Shares held  | % of Holding |
| Mr Mahendra V Doshi              | 4,382,886           | 35.93        | 4,382,886           | 35.93        |
| Bhavana Holdings Private Limited | 1,409,505           | 11.55        | -                   | -            |
| Agrud Capital Pte Ltd            | 727,489             | 5.96         | 727,489             | 5.96         |
| India Max Investment Fund Ltd    | 818,508             | 6.71         | 818,508             | 6.71         |
| Sea Glimpse Investments Pvt Ltd  | 2,547,515           | 20.88        | 2,547,515           | 20.88        |

| Particulars  | Year (Aggregate No. of Shares) |           |           |           |           |
|--|--------------------------------|-----------|-----------|-----------|-----------|
|  | 2015-2016                      | 2014-2015 | 2013-2014 | 2012-2013 | 2011-2012 |
| <b>Equity Shares :</b>   |                                |           |           |           |           |
| Fully paid up pursuant to contract(s) without payment being received in cash | 0                              | 0         | 0         | 0         | 0         |
| Fully paid up by way of bonus shares   | 0                              | 0         | 0         | 0         | 0         |
| Shares bought back   | -                              | -         | 145,971   | 733,495   | -         |

| C-B2. RESERVES AND SURPLUS<br>Particulars | (Rupees)            |                     |
|---|---------------------|---------------------|
|   | As at 31 March 2016 | As at 31 March 2015 |

**A. Break up of Reserves and movements thereon**

| a. Capital Reserves- Share Warrants moneys forfeited | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Opening Balance                                      | 19,400,000          | 19,400,000          |
| Closing Balance                                      | <u>19,400,000</u>   | <u>19,400,000</u>   |

**b. Capital Redemption Reserve on account of buyback of Equity shares**

|                 |                   |                   |
|-----------------|-------------------|-------------------|
| Opening Balance | 13,294,660        | 13,294,660        |
| Closing Balance | <u>13,294,660</u> | <u>13,294,660</u> |

**c. Securities Premium Account**

|   |                    |                    |
|---|--------------------|--------------------|
| Balance as per last balance sheet                     | 229,870,249        | 229,870,249        |
| Less : Amount paid in excess of face value of buyback | -                  | -                  |
| Closing Balance                                       | <u>229,870,249</u> | <u>229,870,249</u> |

**d. Special Reserve Fund- As per RBI guidelines for NBFCs**

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| Opening Balance                  | 335,145,211        | 299,671,495        |
| (+) Current Year Transfer        | 17,744,934         | 35,473,716         |
| (-) Written Back in Current Year | -                  | -                  |
| Closing Balance                  | <u>352,890,145</u> | <u>335,145,211</u> |

**e. General Reserve**

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| Opening Balance                  | 750,342,248        | 651,098,768        |
| (+) Current Year Transfer        | -                  | 100,000,000        |
| (-) Written Back in Current Year | -                  | 756,520            |
| Closing Balance                  | <u>750,342,248</u> | <u>750,342,248</u> |

**f. Employees Stock Options (ESOPs)**

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Opening Balance                     | 1,747,202        | 1,747,202        |
| (+) Current Year Transfer           | -                | -                |
| (-) Deferred Employees Compensation | -                | -                |
| (-) Written Back in Current Year    | -                | -                |
| Closing Balance                     | <u>1,747,202</u> | <u>1,747,202</u> |

**B. Surplus**

|  |                      |                      |
|--|----------------------|----------------------|
| Opening balance                            | 60,376,664           | 193,736,534          |
| (+) Net Profit for the year                | 73,894,144           | 177,756,765          |
| (-) Transfer to Capital Redemption Reserve | -                    | -                    |
| (-) Transfer to Special Reserve Fund       | 17,744,934           | 35,473,716           |
| (-) Transfer to General Reserve            | -                    | 100,000,000          |
| (-) Interim Dividend                       | 85,386,161           | 121,980,230          |
| (-) Tax on Interim Dividend                | 17,384,622           | 24,388,870           |
| (-) Proposed Dividend                      | -                    | 24,396,046           |
| (-) Tax on proposed Dividend               | -                    | 4,877,773            |
| Closing Balance                            | <u>13,755,091</u>    | <u>60,376,664</u>    |
| <b>Total</b>                               | <u>1,381,299,595</u> | <u>1,410,176,234</u> |

**C- B3. Long Term Borrowings**

| Particulars                                   | (Rupees)            |                     |
|---|---------------------|---------------------|
|   | As at 31 March 2016 | As at 31 March 2015 |
| <b>Secured</b>                                |                     |                     |
| From banks                                    | -                   | -                   |
| (Secured by pledge of Fixed Deposit Receipts) |                     |                     |
| Other Loans                                   | 24,585,018          | 19,363,480          |



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

|  |                            |                            |                   |  |                            |                            |  |  |          |
|--|----------------------------|----------------------------|-------------------|--|----------------------------|----------------------------|--|--|----------|
|  | Total                      | <u>24,585,018</u>          | <u>19,363,480</u> |  |                            |                            |  |  |          |
| <b>C-B4. Long Term Provisions</b>  |                            |                            |                   | <b>C-B6. Trade payables</b>            |                            |                            |  |  | (Rupees) |
| <b>Particulars</b>   | <b>As at 31 March 2016</b> | <b>As at 31 March 2015</b> |                   | <b>Trade Payables</b>                  | <b>As at 31 March 2016</b> | <b>As at 31 March 2015</b> |  |  |          |
| Contingent Provision against standard assets   | 3,862,341                  | 3,862,341                  |                   | (a) Trade Payables:                    |                            |                            |  |  |          |
| Provision for Gratuity   | 9,394,002                  | 7,673,836                  |                   | Sundry Creditors                       | 522,177,933                | 460,575,932                |  |  |          |
| <b>TOTAL</b>   | <u>13,256,343</u>          | <u>11,536,177</u>          |                   | <b>Total</b>                           | <u>522,177,933</u>         | <u>460,575,932</u>         |  |  |          |
| <b>C-B5. Short Term Borrowings</b>   |                            |                            | (Rupees)          | <b>C- B7 Other Current Liabilities</b> |                            |                            |  |  |          |
| <b>Particulars</b>   | <b>As at 31 March 2016</b> | <b>As at 31 March 2015</b> |                   | <b>Particulars</b>                     | <b>As at 31 March 2016</b> | <b>As at 31 March 2015</b> |  |  |          |
| <b>Secured</b>   |                            |                            |                   | (a) Statutory Dues                     | 18,250,246                 | 19,434,342                 |  |  |          |
| (a) From banks.  |                            |                            |                   | (b) Unpaid dividends                   | 11,361,730                 | 7,130,814                  |  |  |          |
| (Secured By pledge of Fixed Deposit Receipts and Securities)                                   | 160,982,127                | 314,127,765                |                   | (c) Other payables                     | 8,405,034                  | 2,598,064                  |  |  |          |
| (Secured By hypothecation of Debtors and pledge of FDR's & personal guarantee of Mr M V Doshi) | 499,673,562                | 499,823,741                |                   | <b>Total</b>                           | <u>38,017,010</u>          | <u>29,163,220</u>          |  |  |          |
| (b) Loans from Corporates  |                            |                            |                   | <b>C- B8. Short Term Provisions</b>    |                            |                            |  |  |          |
| (Secured by pledge of own and third party securities)  | 357,899,951                | 388,321,343                |                   | <b>Particulars</b>                     | <b>As at 31 March 2016</b> | <b>As at 31 March 2015</b> |  |  |          |
| Unsecured  | 399,171,806                | 440,040,869                |                   | Proposed Dividend                      | -                          | 24,396,046                 |  |  |          |
| (c) Vehicle Loans  | -                          | 704,402                    |                   | Dividend Distribution Tax              | 17,384,622                 | 4,877,773                  |  |  |          |
| (Secured by hypothecation of vehicle)  |                            |                            |                   | <b>Total</b>                           | <u>17,384,622</u>          | <u>29,273,819</u>          |  |  |          |
| <b>Unsecured</b>   |                            |                            |                   |  |                            |                            |  |  |          |
| Others   | -                          | 1,650,000                  |                   |  |                            |                            |  |  |          |
| <b>Total</b>   | <u>1,417,727,446</u>       | <u>1,644,668,120</u>       |                   |  |                            |                            |  |  |          |

**C- B9 Fixed Assets**

(Rupees)

|    | Particulars              | Gross Block                |                                    |                             | Accumulated Depreciation   |                                  |                                    |                             | Net Block                   |                             |
|----|--------------------------|----------------------------|------------------------------------|-----------------------------|----------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|-----------------------------|
|    |                          | Balance as at 1 April 2015 | Additions/ Deductions/ Adjustments | Balance as at 31 March 2016 | Balance as at 1 April 2015 | Depreciation charge for the year | Additions/ Deductions/ Adjustments | Balance as at 31 March 2016 | Balance as at 31 March 2016 | Balance as at 31 March 2015 |
| a. | <b>Tangible Assets</b>   |                            |                                    |                             |                            |                                  |                                    |                             |                             |                             |
|    | Buildings                | 17,758,523                 | 0                                  | 17,758,523                  | 14,905,677                 | 178,114                          | 0                                  | 15,083,791                  | 2,674,732                   | 2,852,846                   |
|    | Furniture and Fixtures   | 39,434,693                 | 48,487                             | 39,483,180                  | 34,024,286                 | 1,174,257                        | 0                                  | 35,198,543                  | 4,284,637                   | 5,410,407                   |
|    | Vehicles                 | 23,929,052                 | -                                  | 23,929,052                  | 16,049,146                 | 1,525,216                        | 0                                  | 17,574,362                  | 6,354,690                   | 7,879,906                   |
|    | Office equipment         | 136,467,059                | 1,442,090                          | 137,909,149                 | 115,749,000                | 6,663,154                        | 0                                  | 122,412,154                 | 15,496,995                  | 20,718,059                  |
|    | Leasehold Improvements   | 18,836,558                 | 655,529                            | 19,492,087                  | 8,182,789                  | 1,961,889                        | 0                                  | 10,144,678                  | 9,347,409                   | 10,653,769                  |
|    | <b>Total</b>             | 236,425,885                | 2,146,106                          | 238,571,991                 | 188,910,898                | 11,502,630                       | 0                                  | 200,413,528                 | 38,158,463                  | 47,514,987                  |
| b. | <b>Intangible Assets</b> |                            |                                    |                             |                            |                                  |                                    |                             |                             |                             |
|    | Goodwill                 | 17,125,795                 | -                                  | 17,125,795                  | 2,854,300                  | 1,712,579                        | 0                                  | 4,566,879                   | 12,558,916                  | 14,271,495                  |
|    | Computer software        | 43,127,892                 | 2,717,500                          | 45,845,392                  | 39,236,323                 | 1,393,885                        | 0                                  | 40,630,208                  | 5,215,184                   | 3,891,569                   |
|    |                          | 60,253,687                 | 2,717,500                          | 62,971,187                  | 42,090,623                 | 3,106,464                        | 0                                  | 45,197,087                  | 17,774,100                  | 18,163,064                  |
|    | Previous Year            | 254,767,903                | 28,266,550                         | 282,334,453                 | 34,863,007                 | 17,717,366                       | 1,114,256                          | 195,350,331                 | 86,984,122                  |                             |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**C-B10. NON CURRENT INVESTMENTS**
**Particulars**

 (Rupees)  
 As at 31 March 2016 As at 31 March 2015

**Investments (Refer A below)**

- (a) Investment in Properties
- 
- (b) Investment in Equity instruments
- 
- (c) Investment in Mutual Funds

 84,830,000 -  
 288,609,265 312,821,501  
 14,735 14,735

**Total**

373,454,000 312,836,236

Less : Provision for diminution in the value of quoted Investments

(1,304,903) (1,304,903)

**Total**

372,149,097 311,531,333

**Note :**

Aggregate amount of quoted investments Rs.26,86,15,373/- (29,28,27,608/-) Market value Rs.37,69,60,167/- (Rs.56,81,07,784/-)

Aggregate amount of unquoted investments Rs.2,00,08,627/- (Rs 2,00,08,628)

| Sr. No. | Name of the Body Corporate  | Subsidiary / Others | No. of Shares / Units |                     | Quoted / Unquoted | Partly Paid / Fully paid | (Rupees)            |                     |
|---------|---|---------------------|-----------------------|---------------------|-------------------|--------------------------|---------------------|---------------------|
|         |   |                     | As at 31 March 2016   | As at 31 March 2015 |                   |                          | As at 31 March 2016 | As at 31 March 2015 |
|         |   |                     | (4)                   | (5)                 |                   |                          | (10)                | (11)                |
| (1)     | (2)   | (3)                 | (4)                   | (5)                 | (6)               | (7)                      | (10)                | (11)                |
| (a)     | <b>Investment in Equity Instruments</b>                                   |                     |                       |                     |                   |                          |                     |                     |
|         | Maharashtra Polybutane Ltd  | Others              | 300,000               | 300,000             | Quoted            | Fully Paid               | 666,189             | 666,189             |
|         | D S Kulkarni Developers Ltd   | Others              | 149                   | 149                 | Quoted            | Fully Paid               | 7,390               | 7,390               |
|         | NHPC Ltd  | Others              | 131,910               | 131,910             | Quoted            | Fully Paid               | 3,050,198           | 3,050,198           |
|         | Mercator Lines Limited  | Others              | 4,171,942             | 3,071,942           | Quoted            | Fully Paid               | 80,454,561          | 55,475,813          |
|         | City Union Bank Limited   | Others              | 0                     | 35,043              | Quoted            | Fully Paid               | 0                   | 1,524,208           |
|         | City Union Bank Limited- Rights   | Others              | 0                     | 57,374              | Quoted            | Partly Paid              | 0                   | 1,147,480           |
|         | South Indian Bank Limited   | Others              | 0                     | 1,000,000           | Quoted            | Fully Paid               | 0                   | 20,647,019          |
|         | Thomas Cook (India) Ltd   | Others              | 300,352               | 1,148,940           | Quoted            | Fully Paid               | 566,992             | 2,119,898           |
|         | Gold Crest Finance (I) Ltd.   | Others              | 10000                 | 10000               | Quoted            | Fully Paid               | 100,000             | 100,000             |
|         | Infra Industries Ltd.   | Others              | 149000                | 149000              | Quoted            | Fully Paid               | 4,470,000           | 4,470,000           |
|         | ONGC Ltd.   | Others              | 72                    | 72                  | Quoted            | Fully Paid               | 36,000              | 36,000              |
|         | Roopa Industries Ltd.   | Others              | 8900                  | 8900                | Quoted            | Fully Paid               | 89,000              | 89,000              |
|         | Geodesic Information Systems Ltd.   | Others              | 6792                  | 6792                | Quoted            | Fully Paid               | 1,199,920           | 1,199,920           |
|         | Reliance Power Ltd.   | Others              | 17440                 | 17440               | Quoted            | Fully Paid               | 6,481,117           | 6,481,117           |
|         | East India Hotels   | Others              | 37000                 | 37000               | Quoted            | Fully Paid               | 1,992,839           | 3,072,290           |
|         | TV 18   | Others              | 5000                  | 5000                | Quoted            | Fully Paid               | 100,000             | 100,000             |
|         | Everlon Synthetics Ltd  | Others              | 11,531                | 14,000              | Quoted            | Fully Paid               | 135,877             | 135,877             |
|         | Asian Electronics   | Others              | 10,000                | 10,000              | Quoted            | Fully Paid               | 265,900             | 265,900             |
|         | Credit Capital Venture Ltd  | Others              | 1,000                 | 1,000               | Quoted            | Fully Paid               | 49,043              | 49,043              |
|         | IDBI Ltd  | Others              | 1,500                 | 1,500               | Quoted            | Fully Paid               | 244,005             | 244,005             |
|         | Indus Network Ltd   | Others              | 2,300                 | 2,300               | Quoted            | Fully Paid               | 59,320              | 59,320              |
|         | MRPL  | Others              | 7,000                 | 7,000               | Quoted            | Fully Paid               | 385,199             | 385,199             |
|         | Sanghi Polyester Ltd  | Others              | 10,000                | 10,000              | Quoted            | Fully Paid               | 124,484             | 124,484             |
|         | Yes Bank Ltd  | Others              | 700                   | 700                 | Quoted            | Fully Paid               | 199,912             | 199,912             |
|         | Nilkamal Ltd  | Others              | 86,000                | 95,000              | Quoted            | Fully Paid               | 44,451,290          | 40,745,500          |
|         | Shree Cements   | Others              | 500                   | 500                 | Quoted            | Fully Paid               | 5,744,325           | 5,744,325           |
|         | Sterling Holidays   | Others              | 246,000               | 705,000             | Quoted            | Fully Paid               | 35,081,233          | 120,635,233         |
|         | Suzlon energy   | Others              | 1,500,000             | 500,000             | Quoted            | Fully Paid               | 28,038,355          | 13,691,200          |
|         | MC Dowell   | Others              | 309,308               | 309,308             | Quoted            | Fully Paid               | 10,346,353          | 10,346,353          |
|         | Godrej Philips  | Others              | 10,000                | -                   | Quoted            | Fully Paid               | 13,376,488          | 0                   |
|         | Spicejet  | Others              | 370,000               | -                   | Quoted            | Fully Paid               | 23,477,388          | 0                   |
|         | Zee Learn   | Others              | 206,450               | -                   | Quoted            | Fully Paid               | 7,407,260           | 0                   |
|         | MKM Shares & Stock Brokers Ltd  | Others              | 2000                  | 2000                | Unquoted          | Fully Paid               | 6,200               | 6,200               |
|         | Seaglimpse Investments Pvt Ltd  | Others              | 980                   | 980                 | Unquoted          | Fully Paid               | 98,000              | 98,000              |
|         | Dean Finance & Investments Pvt Ltd  | Others              | 4900                  | 4900                | Unquoted          | Fully Paid               | 49,000              | 49,000              |
|         | Peak Plastics Pvt Ltd   | Others              | 490                   | 490                 | Unquoted          | Fully Paid               | 49,000              | 49,000              |
|         | The Saraswat Co-op Bank Ltd.  | Others              | 1,005                 | 1,005               | Unquoted          | Fully Paid               | 10,050              | 10,050              |
|         | The Hindustan Times Ltd.  | Others              | 5,600                 | 5,600               | Unquoted          | Fully Paid               | 1,256,500           | 1,256,500           |
|         | Gobind Sugar Ltd.   | Others              | 11200                 | 11200               | Unquoted          | Fully Paid               | 1,785,000           | 1,785,000           |
|         | Bombay Stock Exchange Ltd.  | Others              | 11401                 | 11401               | Unquoted          | Fully Paid               | 1,754,877           | 1,754,877           |
|         | Business India Publications Ltd   |                     | 500000                | 500000              | Unquoted          | Fully Paid               | 15,000,000          | 15,000,000          |
| (b)     | <b>Investment in Mutual Funds</b>   |                     |                       |                     |                   |                          |                     |                     |
|         | BenchMark Mutual Fund.  | Others              | 147,342               | 147,342             | Quoted            | Fully Paid               | 14,735              | 14,735              |
| (c)     | <b>Investment in Property</b>   | Others              |                       |                     |                   |                          | 84,830,000          |                     |
| (d)     | <b>Less : Provision for diminution in the value of quoted Investments</b> |                     |                       |                     |                   |                          | 1,304,903           |                     |
|         | <b>Total</b>  |                     |                       |                     |                   |                          | 372,149,097         | 312,836,235         |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**C- B11 Long Term loans and advances**

| Particulars      | (Rupees)             |                      |
|------------------|----------------------|----------------------|
|                  | As at 31 March, 2016 | As at 31 March, 2015 |
| Security Deposit | 71,745,983           | 71,897,561           |
| <b>Total</b>     | <b>71,745,983</b>    | <b>71,897,561</b>    |

**C-B12. Trade Receivables**

| Particulars   | (Rupees)            |                     |
|---|---------------------|---------------------|
|   | As at 31 March 2016 | As at 31 March 2015 |
| Trade receivables outstanding for a period less than six months |                     |                     |
| Unsecured.  | 874,454,318         | 906,371,040         |
| <b>Total</b>  | <b>874,454,318</b>  | <b>906,371,040</b>  |

**C-B13. Cash and cash equivalents**

| Particulars                                      | (Rupees)            |                     |
|--|---------------------|---------------------|
|  | As at 31 March 2016 | As at 31 March 2015 |
| a. Balances with banks                           |                     |                     |
| In unpaid dividend accounts                      | 11,361,730          | 7,130,814           |
| In Current Accounts                              | 61,617,244          | 119,194,610         |
| In FDRs with Bank - more than 12 months maturity | 444,904,572         | 230,222,755         |
| In FDRs with Bank - less than 12 months maturity | 92,637,039          | 161,072,340         |
| b. Cash on hand                                  | 123,086             | 144,071             |
| <b>Total</b>                                     | <b>610,643,671</b>  | <b>517,764,590</b>  |

**C-B14 Short term loans and advances**

| Particulars                          | (Rupees)             |                      |
|--------------------------------------|----------------------|----------------------|
|                                      | As at 31 March 2016  | As at 31 March 2015  |
| Secured                              | 375,544,251          | 672,217,466          |
| Unsecured, considered good.          | 617,648,753          | 550,282,552          |
| Advance Tax net of provision for tax | 85,705,157           | 87,525,459           |
| <b>Total</b>                         | <b>1,078,898,161</b> | <b>1,310,025,477</b> |

**C-B15. Revenue from Operations**

| Particulars                           | Current Year         | Previous Year        |
|---------------------------------------|----------------------|----------------------|
| Interest Income                       | 172,270,614          | 145,640,975          |
| Dividend                              | 5,940,202            | 6,719,174            |
| Brokerage / Commission / Charges      | 541,070,898          | 557,741,785          |
| Profit on sale of shares & securities | 298,682,289          | 703,204,558          |
| <b>Total</b>                          | <b>1,017,964,003</b> | <b>1,413,306,492</b> |

**C-B16. Other Income**

| Particulars                           | (Rupees)          |                   |
|---------------------------------------|-------------------|-------------------|
|                                       | Current Year      | Previous Year     |
| Interest                              | 14,610,476        | 14,353,735        |
| Baddebts Recovered                    | 18,115,730        |                   |
| Miscellaneous Income                  | 5,178,691         | 3,525,309         |
| Excess Provision for NPA Written back | 913,717           |                   |
| <b>Total</b>                          | <b>38,818,614</b> | <b>17,879,044</b> |

**C-B17 Employee Benefits Expense**

| Particulars                                 | (Rupees)           |                    |
|---|--------------------|--------------------|
|   | Current Year       | Previous Year      |
| (a) Salaries and allowances                 | 308,936,473        | 313,045,434        |
| (b) Contribution to Provident fund & ESIC   | 7,961,286          | 6,441,070          |
| (c) Contribution to LIC Group Gratuity Fund | 3,314,301          | 3,223,338          |
| (d) ESOP compensation expenses w/off        | 0                  | 0                  |
| (e) Staff welfare expenses                  | 7,859,723          | 6,074,860          |
| <b>Total</b>                                | <b>328,071,783</b> | <b>328,784,702</b> |

**C-B18 Other Expenses**

| Particulars                     | (Rupees)           |                    |
|---------------------------------|--------------------|--------------------|
|                                 | Current Year       | Previous Year      |
| Rent, Rates & Taxes             | 32,896,210         | 30,340,751         |
| Repairs - Others                | 4,841,311          | 4,854,323          |
| Advertisement                   | 2,594,799          | 502,235            |
| Directors Fees                  | 440,000            | 150,000            |
| Travelling & Conveyance         | 7,773,239          | 5,906,507          |
| Postage, Telegram & Telephones  | 3,005,278          | 3,376,685          |
| Legal and Professional Charges  | 19,108,501         | 30,088,442         |
| Printing & Stationery           | 2,756,357          | 2,996,542          |
| Auditors Remuneration :         |                    |                    |
| Audit fees                      | 621,343            | 590,754            |
| Tax audit fees                  | 25,000             | 25,000             |
| Irrecoverable Loans Written off | 103,957,624        | 333,592,077        |
| Commission Expenses             | 149,740,137        | 166,913,576        |
| Electricity Expenses            | 8,247,616          | 8,298,719          |
| Subscription & Membership       | 1,733,800          | 1,796,445          |
| Computer Expenses               | 3,966,925          | 4,737,445          |
| Donation                        | 200,000            | -                  |
| CSR Expenses                    | 2,800,000          | 1,750,000          |
| Baddebts                        | 12,664,515         | 0                  |
| Provision for NPAs              | -                  | 14,616,460         |
| Provision for Doubtful Debts    | 4,869,623          | -                  |
| Miscellaneous Expenses          | 42,866,253         | 43,797,866         |
| <b>Total</b>                    | <b>405,108,531</b> | <b>654,333,827</b> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**C. NOTES :**

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

|   | 2015-16     | 2014-15     |
|---|-------------|-------------|
| Profit after Taxation (Rupees in Lacs)        | 738.94      | 1,777.57    |
| Weighted Average Number of Shares Outstanding | 1,21,98,023 | 1,21,98,023 |
|   | Rs. Ps.     | Rs. Ps.     |
| Earnings per shares (Basic)                   | 6.06        | 14.57       |
| Earnings per shares (Diluted)                 | 5.39        | 12.96       |
| Face Value of Share                           | 10          | 10          |

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

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

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

| <u>Name of the Related Party</u>             | <u>Relationship</u>       |
|--|---------------------------|
| LKP Securities Ltd.                          | Subsidiary Company        |
| Gayatri Cement & Chemical Industries Pvt Ltd | Subsidiary Company        |
| LKP Wealth Advisory Pvt. Ltd.                | Fellow Subsidiary Company |
| Peak Plastonics Pvt. Ltd.                    | Directors Interested      |
| MKM Share & Stock Brokers Ltd.               | Directors Interested      |
| Sea Glimpse Investments Pvt. Ltd.            | Director Interested       |
| Bhavna Holdings Pvt. Ltd.                    | Directors Interested      |
| Alpha Commodity Pvt. Ltd.                    | Directors Interested      |
| SolarEx P V Solutions Pvt. Ltd.              | Directors Interested      |
| M/s. L.K. Panday                             | Directors Interested      |
| Mr. M V Doshi                                | Key Managerial Personnel  |
| Mr. G B Innani                               | Key Managerial Personnel  |
| Mr. S.S. Gulati                              | Key Managerial Personnel  |

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

|                              | Subsidiary Company LKP Securities Ltd | Subsidiary Company Gayatri Cement & Chemical Industries Pvt Ltd | Key Managerial Personnel | Total (Rs. In Lacs) |
|------------------------------|---------------------------------------|---|--------------------------|---------------------|
| Interest Expense             | 557.28                                | ---   | ---                      | 557.28              |
| Remuneration                 | ---                                   | ---   | 120.55                   | 120.55              |
| Brokerage Paid               | 37.92                                 | ---   | ---                      | 37.92               |
| Balance due as on 31.03.2016 | (2922.27)                             | 150.23  | ---                      | (2772.04)           |

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

|                                 |           |
|---------------------------------|-----------|
| Capital (including Pref Shares) | 3445.82   |
| Reserves & Surplus              | (656.48)  |
| Total Assets                    | 15,806.33 |
| Total Liabilities               | 15,806.33 |

|                        |          |
|------------------------|----------|
| Investments            | 193.77   |
| Turnover               | 5,836.01 |
| Loss before taxation   | (120.41) |
| Provision for taxation | 27.90    |
| Profit after taxation  | (148.31) |
| Proposed Dividend      | Nil      |

- 4) Contingent Liabilities:

- Guarantee given to Banks – Rs 29.35 crores. (Previous Year Rs 29.35 crores)
  - Claim against the Company not acknowledged as debt Rs. 33.99 Lacs, against which the company has deposited full amount in the Honorable High Court of Mumbai. The matter is pending.
- A winding up petition filed by the Company against a borrower has been admitted by the Honorable High court of Mumbai. The recovery if any will be accounted for when the money is received from official Liquidator.
  - The Company has filed arbitration cases for Rs. 25.1 Lacs against two borrower for which it has received a favourable award from the arbitrator for Rs. 21.38 Lacs plus interest. The opposing parties have filed appeals in the Honorable High court of Mumbai for which the matter is pending. The adjustment to the claim and interest will be accounted in the year of settlement.
  - The Company's petition seeking approval for Scheme of demerger of SEBI Registered Intermediaries business of the company into LKP Securities Ltd under Sections 391 to 394 of the Companies Act, 1956 and sections 52 and 55 of the Companies act 2013 is pending as on date before the Honourable Bombay High Court. As per the Scheme the equity shareholders of LKP Finance Ltd shall be allotted 6 fully paid equity shares of Rs.2/- each in LKP Securities Ltd for every one equity share of Rs.10/- each held by them in LKP Finance Ltd. Pending approval, accounting adjustments as set out in the draft Scheme for demerger have not been carried out in the financial year 2015-16.
  - In compliance with Guidelines prescribed by Reserve Bank of India for NBFCs, the company has
    - provided 0.25% of Standard Assets amounting to Rs. NIL ( Previous year Rs NIL lacs). The Contingent Provision against Standard Asset as on 31.03.2016 is Rs 38.62 lacs ( Previous year Rs 38.62 lacs)
    - appropriated 20% of the Net Profits Rs 177.45 lacs ( Previous year Rs 354.74 lacs) to Special Reserve Fund.
  - The company has provided NIL (Previous year Rs 146.16) against NPAs
  - During the year the company has entered into Futures & Options contracts on the National Stock Exchange in the Equity Segment and on the Multi Commodity Exchange in the commodity segment. The open position as on 31.03.2016 is Rs 7,048.06 lacs (Previous Year Rs 4,246.31 lacs).
  - The company has no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31<sup>st</sup> March, 2016.
  - There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31<sup>st</sup> March, 2016
  - Previous Years Figures are regrouped / reclassified wherever necessary.









*If undelivered, please return to :*

**LKP Finance Limited**  
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