

# LKP Finance Limited



**28<sup>TH</sup> ANNUAL REPORT 2011-2012**

**Board of Directors :**

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

**Company Secretary :**

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

**Auditors :**

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

**Registered Office :**

203, Embassy Centre,  
Nariman Point,  
Mumbai - 400 021.  
Tel. : 40024785 / 4002 4786  
Fax : 2287 4787

**Registrar & Shares Transfer Agent :**

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

**CONTENTS**

	<b>Page Nos.</b>
Notice.....	1
Directors' Report.....	2-4
Management Discussion and Analysis and Report on Corporate Governance .....	5-9
Auditors' Report .....	10-11
Balance Sheet.....	12
Profit and Loss Statement .....	13
Cash Flow Statement .....	14
Significant Accounting Policies.....	15
Notes to Financial Statements .....	16-22
Consolidated Financial Statements.....	23-28

*Annual General Meeting on Tuesday, 29th May 2012 at  
11.00 a.m. at M. C. Ghia Hall, Hargovindas Building,  
18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.*

**NOTICE**

**NOTICE** is hereby given that the Twenty Eighth Annual General Meeting of the members of LKP Finance Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001 on Tuesday, 29<sup>th</sup> May 2012 at 11.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March 2012 and Report of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. M. V. Doshi , who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pratik M. Doshi, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint the Auditors and to fix their remuneration.

**Notes:**

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

- (3) The Register of Members and Share transfer books will remain closed from Wednesday, May 23, 2012 to Tuesday, May 29, 2012 (both days inclusive).
- (4) The Dividend as recommended by the Board of Directors, if approved by the shareholders, will be payable on or after May 30, 2012.
- (5) Any change in the address of the members may be intimated to the Company's Registrar & Share Transfer Agent.
- (6) The particulars of Directors retiring by rotation and/or eligible for re-appointment are given in the Corporate Governance section of this Annual Report.
- (7) **Members are requested to intimate their e. mail address to the Company's Registrar & Share Transfer Agent.**
- (8) Members are requested to bring the Annual Report and the Attendance Slip to the Annual General Meeting.

By Order of the Board of Directors

Mumbai  
Date: April 24, 2012(M. V. Doshi)  
*Executive Chairman*

## DIRECTORS' REPORT

The Directors present the Twenty Eighth Annual Report and Audited Accounts of the Company for the year ended March 31, 2012.

<b>FINANCIAL RESULTS</b>	<b>2011 – 2012</b>	<b>2010 – 2011</b>
	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>
Profit before tax	<b>745.12</b>	<b>3276.49</b>
Less: Provision for Tax (Including Deferred Tax)	<b>258.68</b>	<b>664.79</b>
Profit after tax	<b>486.44</b>	<b>2611.70</b>
Add: Previous year Items	<b>---</b>	<b>352.72</b>
Profit brought forward from previous year	<b>2095.05</b>	<b>1672.86</b>
Amount available for appropriation	<b>2581.49</b>	<b>4637.28</b>
<b>APPROPRIATIONS:</b>		
Proposed Dividend	<b>261.55</b>	<b>1307.75</b>
Tax on Dividend	<b>42.43</b>	<b>212.14</b>
Transfer to General Reserve	<b>40.00</b>	<b>500.00</b>
Transfer to Special Reserve Fund	<b>97.29</b>	<b>522.34</b>
Balance carried to Balance Sheet	<b>2140.22</b>	<b>2095.05</b>

### DIVIDEND

The Board of Directors are pleased to recommend a dividend @ Rs. 2/- per equity share of the Company for the financial year ended 31<sup>st</sup> March 2012. The total cash outflow on account of dividend & tax thereon Rs.303.98 lacs.

### PERFORMANCE REVIEW

The Company's total income decreased to Rs. 2,220.69 lacs from Rs. 5,325.21 lacs and profit after tax to Rs. 486.44 lacs from Rs. 2,611.70 lacs in the previous year.

Due to difficult market condition, the income from investments decreased during the year under review. However trading in debt papers and development of retail clients like PF/Pension/Gratuity trust etc. has continued to yield good results. Further the Company substantially increased its business of loan against security of shares.

### EMPLOYEES STOCK OPTION SCHEME

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

### FIXED DEPOSITS

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

### SUBSIDIARIES

Your Company's subsidiary, LKP Securities Ltd. has expanded its geographical reach and now has 810 outlets across India.

As per the Circular No. 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011 issued by Government of India, Ministry of Corporate Affairs, the required financial information in the consolidated balance sheet

is given in respect of Company's subsidiaries i.e. LKP Securities Limited and Gayatri Cement and Chemical Industries Private Limited.

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

### STATUTORY DISCLOSURE

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

The provisions of Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy and technology absorption do not apply to your Company. There are no foreign exchange earnings & outgo during the year under report.

### DIRECTORS

Mr. Mahendra V. Doshi and Mr. Pratik M. Doshi retire by rotation and being eligible offers themselves for re-appointment. Your Directors recommend their re-appointment.

### AUDITORS' REPORT

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

**CONSOLIDATED FINANCIAL STATEMENTS**

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

**CORPORATE GOVERNANCE**

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

**ACKNOWLEDGEMENT**

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

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

Mumbai  
Date: April 24, 2012

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

**Statement Pursuant to Section 212 of the Companies Act, 1956  
Giving Requisite Particulars of its Subsidiary Companies**

	LKP Securities Ltd	Gayatri Cement & Chemical Industries P Ltd
1. Name of the Subsidiary Company		
2. Financial Year ending	31.3.2012	31.3.2012
3. Date from which the Company became a subsidiary.	1.4.1995	31.3.2010
4. Extent of Holding Company's interest in the subsidiary Company's Shareholding (in %)	99.81	100
	<u>Rs in Lacs</u>	<u>Rs in Lacs</u>
5. Net aggregate amount of the Subsidiary's profits after deducting its losses or vice versa so far it concerns members of the Holding Company.		
- Profits /Losses not dealt with in the Holding Company Accounts		
a. for the financial year of the subsidiary	(125.95)	(0.06)
b. for the previous financial years since it became the Holding Company's Subsidiary	578.96	(11.41)
Profits dealt with or (Losses) provided for in the holding Company Accounts.		
a. for the financial year of the Subsidiary	--	--
b. for the previous financial years since it became the holding Company's subsidiary	--	--

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

Mumbai  
Dated : April 24, 2012

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

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

	<b>Scheme Name: Employees Stock Option Scheme 2010</b>	<b>Granted on April 21, 2010</b>	<b>Granted on October 12, 2010</b>	<b>Granted on October 18, 2010</b>	<b>Granted on December 15, 2010</b>	<b>Granted on March 31, 2011</b>
1.	Options Granted	5,99,500	1,05,000	1,00,000	50,000	28,000
2.	Pricing Formula	Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options.	Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options.	Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options.	Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options.	On the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options.
3.	Options Vested	1,99,833	35,000	30,833	--	9,333
4.	Options Exercised	--	--	--	--	-
5.	Total number of Ordinary Shares arising as a result of exercise of Options	--	--	--	--	-
6.	Options Lapsed/ Forfeited/ Cancelled	--	--	7,500	50,000	--
7.	Variations of terms of Options	--	--	--	--	--
8.	Money realized by exercise of the Options	--	--	--	--	--
9.	Total number of Options in force	5,99,500	1,05,000	92,500	--	28,000
10.	Employee-wise details of Options granted to: i) Details of Options granted to senior managerial personnel ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that Year. iii) Identified employees, who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant.	--- A total of 6,92,000 options were granted to the Employees of the Company including its subsidiary and also including the options given in 10 iii) below.  One employee received 3,92,000 options.				
11.	Diluted Earning Per Share (EPS) calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended March 31, 2012.	Rs. 3.50				
12.	i) Method of calculation of employee compensation cost ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if fair value of Options had been used iii) The impact of difference on profits and EPS of the Company for the year ended March 31, 2012 had fair value Options had been used for accounting Employee Options	Intrinsic Value As the fair value is lower than the intrinsic value the charge to profit and loss account is based on intrinsic value.  There is no change in the reported diluted EPS.				
13.	Weighted-average exercise price of options granted is less than market price of stock on the grant date.	Rs. 117.78				
14.	A description of method and significant assumptions used during the year to estimate the fair value of Options granted during the year. The fair value of options has been calculated by using Black Schole's Method. The assumption used in the above are:					
	1) Risk free Interest Rate	8%				
	2) Expected Life	5 to 7 years				
	3) Expected Volatility based on daily closing Market Price	4.25%				
	4) Expected Dividends	2.23%				
	5) The price of underlying share in the market at the time of grant	Rs. 125.90				

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

India's GDP is expected to expand by 6.9% in FY12. The economic conditions in the country in the current fiscal have been challenging with inflation being the major factor driving economic policy. This has had a major impact on other economic variables. Policy formulation has become even more difficult with the volatility witnessed in the forex market, where the rupee has tended to move downwards. FY12 witnessed a period of combating inflation, slowing down of investment, pressure on budget deficit, widening current account balance, depreciating rupee and uncertain capital markets.

The BSE Sensex declined 10% in FY12 and closed at 17,404. During FY12, all emerging markets, led by BRIC nations, faced headwinds on growth and inflation, leading to severe underperformance. India in particular faced additional headwinds of policy inaction. FII flows plunged from USD25b in FY11 to USD8.5b in FY12. Domestic mutual funds were net sellers for the third year in a row and insurance companies were net sellers for the first time in several years.

The global economic environment has been tenuous through the year, particularly turning adverse post-September 2011, against the Euro-zone crisis, downgrades of sovereign credit rating of euro-zone and other advanced countries, followed by political unrests, currency wars and the more recent oil crisis.

The movements of the stock markets impact your company being an Investment Company. India's inflation rates remain at an all-time high despite various economic and other measures been taken by the Government and RBI from time to time to curb the same. Crude oil prices are a constant threat with the potential for negative consequences for India's macro outlook.

### Opportunities and Threats

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

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

LKP Securities Ltd. is one of the reputed broking houses of the country, having a network of 810 outlets across India. The company has put in place a new team to drive the retail business.

The Company is empanelled with most of the reputed domestic financial institutions including life and non insurance companies, mutual funds, foreign financial institutions and corporates, apart from having large number of HNI and retail clients. The likely increase in capital mobilisation from the primary market, increase in resource mobilisation by mutual funds, phenomenal growth in secondary market volumes, introduction of new products like mini derivative contracts & Securities Lending & Borrowing Scheme, introduction of new instruments in the F & O segment, trading in Mutual Funds through exchanges etc. provide significant business opportunities for the Company.

Capital market activities in which most of our activities depend on

is also influenced by global events and hence there is an amount of uncertainty in the near term outlook of the market.

### Segment-wise Performance

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

### Outlook

The Indian economy is likely to rise to around 7.5% in FY13. Inflation is expected to moderate based on a good harvest and stable global commodity prices. The rupee is expected to remain volatile as euro conditions will remain in flux while the domestic current account deficit will be under pressure. While domestic inflows are expected to improve in FY13, the volatility in FII flows would remain the key catalyst for the trend in Indian equities.

### Risks and Concerns

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

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

### Internal Control Systems and their adequacy

The Company has satisfactory internal control system.

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

### Financial Performance with respect to Operational Performance

#### Share Capital

The paid up equity share capital of the Company as on March 31, 2012 stands at Rs. 130,774,890 divided into 13,077,489 equity shares of Rs. 10/- each fully paid up.

#### Reserve and Surplus

The Reserves and Surplus increased from Rs. 14,013.70 lacs to Rs. 14216.87 lacs.

#### Investments

The total investment increased to Rs.6648.49 lacs as at March 31,



2012 against Rs. 6484.11 lacs at the end of the previous year.

#### Secured Loans

The secured loans increased to Rs. 10,956.13 from Rs. 7,328.44 lacs of the previous year.

#### Total Income

During the year under consideration total income was Rs. 2,220.69 lacs as against Rs. 5,325.21 lacs in the previous year.

#### Other Income

During the year under consideration other income was Rs. 119.40 lacs as against Rs. 161.83 lacs in the previous year.

#### Interest and Finance Charges

During the year under consideration total interest and finance charges were Rs.768.80 lacs as against Rs. 357.36 lacs in the previous year.

#### Provision for Tax

During the year under consideration the provision for tax (including deferred tax Rs. 102.68 lacs), was Rs. 258.68 lacs as against Rs. 664.79 lacs in the previous year.

#### Human Resources

There has been no material development on the Human Resource/ Industrial Relations front during the year. As on 31<sup>st</sup> March 2012 the Company had 42 employees.

LKP Securities Ltd. places significant importance to its human capital. As on 31<sup>st</sup> March 2012 there are 276 employees employed by the Company. The company has also provided medical insurance for its employees and family members as a welfare measure. The company has been paying special attention to improve the skill set of the employees through various training programs. All employees are encouraged and motivated to get themselves certified in relevant industry standard certifications such as CFP, NCFM, BSEC & AMFI.

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

Mumbai  
Date: April 24, 2012

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

## REPORT ON CORPORATE GOVERNANCE

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

The Company is committed to good Corporate Governance. The Company fully realises the rights of its shareholders to information on the performance of the Company. The Company provides detailed information on various issues concerning the Company's business / performance, to its shareholders. The fundamental philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for meeting its obligations to the shareholders. The Board of Directors of the Company has adopted the Code of Conduct for its members and senior management executives.

### 2. Board of Directors

#### Composition

The composition and category of Directors as on 31<sup>st</sup> March 2012 are as follows:

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

The composition of the Board of Directors of the Company is in accordance with the provisions of Clause 49 of the Listing Agreement. Non-Executive Independent Directors of your Company have no pecuniary relationship or any transaction with your Company.

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

#### Board Meeting

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

There were four Board Meetings held during the financial year ended 31<sup>st</sup> March 2012, namely on 29<sup>th</sup> April 2011, 10<sup>th</sup> August 2011, 3<sup>rd</sup> November 2011 and 7<sup>th</sup> February 2012.

#### 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 2012:

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	3	Yes	4	5	1	3
2	Mr. Vineet N. Suchanti	3	Yes	5	1	--	--
3	Mr. Milan S. Bhise	2	Yes	--	--	--	--



4	Mr. Hariharan Padmanabhan	2	No	--	--	--	--
5	Mr. Sayanta Basu	4	No	--	5	--	--
6	Mr. Pratik M. Doshi	4	Yes	2	6	--	--

#### #Committee of Audit, Investor Grievances and Remuneration

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

Name	Mr. Mahendra V. Doshi	Mr. Pratik M. Doshi
Age	63 Years	31 Years
Date of Appointment	5 <sup>th</sup> May 1984	26 <sup>th</sup> October 2009
Qualification	MBA – U. S. A.	B. A. In Economics-UK
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 35 years vast experience in the field of Finance, Capital Market and Business Administration.	Approximately 9 years experience in the field of Foreign Exchange, Stock Market and Commodity Market.
Other Directorships	1. Nilkamal Ltd. 2. Graviss Hospitality Limited 3. LKP Securities Ltd. 4. MKM Share and Stock Brokers Ltd. 5. Bhavana Holdings Pvt. Ltd. 6. LKP Holdings Pvt. Ltd. 7. Peak Plastics Pvt. Ltd. 8. Sea Glimpse Investment Pvt. Ltd. 9. SolarEx P V Solution Pvt. Ltd.	1. LKP Securities Ltd. (Whole-time) 2. MKM Share and Stock Brokers Ltd. 3. Alpha Commodity Pvt. Ltd. 4. Bhavana Holdings Pvt. Ltd. 5. LKP Holdings Pvt. Ltd. 6. Peak Plastics Pvt. Ltd. 7. Prasad Trading & Finance Pvt. Ltd. 8. SolarEx P V Solution Pvt. Ltd.
*Chairman / Member of Committee of the Board of the Companies on which he is a Director as on 24 <sup>th</sup> April 2012.	LKP Finance Ltd. i. Share Transfer Committee-Chairman ii. Compensation Committee -Chairman iii. Audit Committee-Member Graviss Hospitality Limited i. Audit Committee - Chairman ii. Shareholders & Investors Grievance Committee – Member Nilkamal Ltd. i. Audit Committee – Member ii. Remuneration Committee - Member	Nil
Shareholding in the Company	44,82,886	80,897

### 3 Audit Committee

The Board has set up Audit Committee having two Independent Directors Mr. Milan S. Bhise and Mr. Vineet N. Suchanti are members. Mr. Vineet N. Suchanti is the Chairman of the Audit Committee and was present at the last Annual General Meeting. Mr. M. V. Doshi is also a member of Audit Committee.

Audit Committee meetings were held on 27<sup>th</sup> April 2011, 10<sup>th</sup> August 2011, 3<sup>rd</sup> November 2011 and 7<sup>th</sup> February 2012. All the members have attended the aforesaid meetings except at the meeting dated 10<sup>th</sup> August 2011 to Mr. Milan S. Bhise and 3<sup>rd</sup>

November 2011 to Mr. Vineet N. Suchanti, leave of absence were granted. The Statutory Auditors were the invitees to the above meetings. The scope of activities and powers of Audit Committee includes the areas prescribed under the Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956.

### 4. Remuneration of Directors

During the year under review the Company has paid Rs. 54.34 lacs towards remuneration (details of which are provided in the note C 3 of the notes to the financial statements) to Mr. Mahendra V. Doshi, Executive Chairman of the Company pursuant to the special resolution passed by members through postal ballot on March 17, 2010. At present, Independent Directors are not paid any remuneration.

#### Professional Fees to Director

The Board of Directors has approved the payment of professional fees of Rs. One Crore p.a. to Mr. Sayanta Basu for rendering professional services to the Company, pursuant to Special Resolution dated 17<sup>th</sup> March 2010 passed by members through postal ballot.

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

1. Mr. Milan S. Bhise	Rs. 10,000/-
2. Mr. Vineet N. Suchanti	Rs. 15,000/-
3. Mr. Hariharan Padmanabhan	Rs. 10,000/-
4. Mr. Pratik M. Doshi	Rs. 20,000/-
5. Mr. Sayanta Basu	Nil
6. Mr. M. V. Doshi	Nil

### 5. Shareholders Grievance Committee

The Board has set up Shareholders Grievance Committee having two Independent Directors, Mr. Milan S. Bhise and Mr. Vineet N. Suchanti as members. Mr. Milan S. Bhise is the Chairman of the said Committee. Mr. Girish Innani, General Manager (Legal) & Company Secretary of the Company is compliance officer. During the year 10 shareholders' letters/complaints were received out of which 9 were about non receipt of Dividend Warrant/s and one about non receipt of Annual Report. There is no complaint which has remained un-addressed. No transfer of shares is pending as on date.

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

### 6. Compensation Committee

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

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

### 7. General Body Meetings

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

Financial Year	Day	Date	Time
2010-2011	Friday	10 <sup>th</sup> June, 2011	10.30 a. m.
2009-2010	Monday	12 <sup>th</sup> July, 2010	11.00 a. m.
2008-2009	Tuesday	2 <sup>nd</sup> June, 2009	10.30 a.m.

**Location:**

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

**Business**

Year Special Resolution passed.

2010-2011 Special Resolution in respect of approval for appointment of Mr. Pratik M. Doshi as a Whole-time Director in Subsidiary Company – LKP Securities Ltd and payment of Remuneration thereof.

2009-2010 No Special resolution passed.

2008-2009 No Special resolution passed.

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

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

**8. Disclosure**

- The related party transactions made by the Company are disclosed in the notes to financial statements. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board for its approval.
- During the last three years, there were no strictures or penalties imposed either by Securities and Exchange Board of India or the Stock Exchange or any regulatory authority for non-compliance of any matter related to the capital market.
- No personnel have been denied access to the Chairman or members of the Audit Committee. The mechanism of Whistle Blower Policy is not established.
- To the extent possible, the Company has complied with the mandatory requirement of this clause.
- The Company has complied with all applicable Accounting Standards in preparation of its financial statements pursuant to the amended Schedule VI of Companies Act, 1956.
- As required under Clause 49 of the Listing Agreement, certification from Mr. M. V. Doshi, Executive Chairman and Mr. S. S. Gulati, Head Corporate Affairs was placed before the Board of Directors at its meeting held on April 24, 2012.

**9. Means of Communication**

- The financial results of all four quarters were published in The Financial Express and Mumbai Lakshyadeep dailies. These were not sent individually to the shareholders.
- The Company's results or official news are displayed on a web site [www.lkpsec.com](http://www.lkpsec.com). There were no presentations made to the institutional investors or to the analysts.

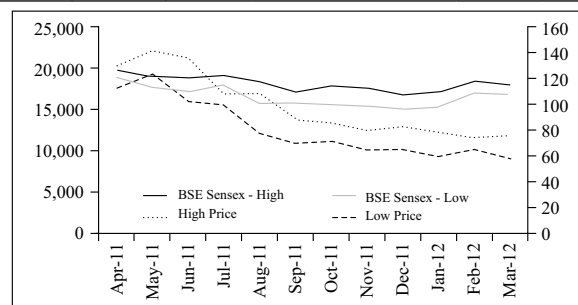
- The Management Discussion and Analysis Report forms a part of this Annual Report.

**10. General Shareholder Information**

AGM Date, Time and Venue	Tuesday, 29th May 2012 at 11.00 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001.
Financial Calendar	April to March
	Announcement of Audited / Un-audited Results (tentative)
	1st Quarter - Second week of August
	2nd Quarter - First week of November
	3rd Quarter - First week of February
	4th Quarter - Last week of April
Book Closure	Wednesday, May 23, 2012 to Tuesday, May 29, 2012 (both days inclusive).
Dividend payment date	On or after May 30, 2012
Listing on Stock Exchange	Bombay Stock Exchange Ltd, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1st April 2012 to 31st March 2013. The Company is taking up the matter with appropriate authority of the Stock Exchange, Ahmedabad subsequent to their refusal for accepting voluntary delisting application.
Demat ISIN No. for Depositories	INE 724A01017

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

Month	High Price	Low Price	No. of Shares	No. of Trades	BSE Sensex	
					High	Low
Apr 11	129.50	112.60	1,17,808	682	19,811	18,976
May 11	142.00	124.35	2,31,290	2,286	19,253	17,786
Jun 11	136.00	102.50	11,86,241	1,810	18,873	17,314
Jul 11	108.80	100.05	35,053	493	19,131	18,131
Aug 11	108.65	78.20	68,674	732	18,440	15,765
Sep 11	88.00	70.00	6,37,537	431	17,211	15,801
Oct 11	86.50	72.20	26,951	370	17,908	15,745
Nov 11	79.95	65.55	21,997	574	17,702	15,478
Dec 11	82.90	65.00	5,49,107	527	17,003	15,135
Jan 12	78.00	60.00	11,46,343	386	17,258	15,358
Feb 12	73.95	65.15	2,98,740	579	18,523	17,061
Mar 12	76.00	58.00	1,11,857	652	18,040	16,920


**Registrar and 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 Bombay Stock Exchange

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, which normally meets twice in a month. The Share Transfers are registered and returned within period of 22 days from the date of lodgment, if documents are complete in all respect.

**Distribution of shareholding as on 31<sup>st</sup> March 2012**

Shares Slab	N o. of Shareholders	% age	Total Shares	Amount (Rs.)	% age
UPTO – 500	5347	88.61	723619	7236190	5.53
501 – 1000	323	5.35	249406	2494060	1.91
1001 – 2000	175	2.90	259679	2596790	1.99
2001 – 3000	51	0.85	129627	1296270	0.99
3001 – 4000	25	0.42	88412	884120	0.68
4001 – 5000	16	0.27	72251	722510	0.55
5001 – 10000	43	0.71	281334	2813340	2.15
10001 & Above	54	0.89	11273161	112731610	86.20
<b>Total :</b>	<b>6034</b>	<b>100.00</b>	<b>13077489</b>	<b>130774890</b>	<b>100.00</b>

**Share holding pattern as on 31<sup>st</sup> March 2012**

	Category of Shareholder	Total number of shares	% to the Shareholding
1	Indian Promoters / Person Acting in Concert	7059827	53.98
2	Directors other than Promoters	301384	2.30
3	Mutual Fund and UTI	2855	0.02
4	Financial Institutions / Banks and Insurance Com.	2550	0.02
5	FII's	1162861	8.89
6	Private Corporate Bodies	1570874	12.02
7	Indian Public	1981582	15.16
8	Foreign Corporate Bodies	727489	5.56
9	NRI/OCB	268067	2.05
	<b>Total</b>	<b>13077489</b>	<b>100.00</b>

**Dematerialization of equity Shares and liquidity**

As on 31<sup>st</sup> March 2012, 96.28 % of the Company's total shares represented by 1,25,90,801 shares were held in dematerialized form.

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

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

**Address for correspondence**

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

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

Mumbai  
 Date: April 24, 2012

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

**DECLARATION**

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchange, and according to information provided/available, this is to confirm that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2012.

Mumbai  
 Date: April 24, 2012

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

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members,

LKP Finance Limited

We have examined the compliance of conditions of Corporate Governance by LKP Finance Limited for the year ended on 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement, except that appointment of at least one common independent director of the holding Company on the Board of subsidiaries of the Company as required under sub-clause i of the item at paragraph III of Clause 49 of the Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2012, no investor grievances are pending/un-addressed by the Company as on 24<sup>th</sup> April, 2012, as per the records maintained by the Company and presented to the Shareholders' Grievance Committee.

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

**For Ford, Rhodes, Parks & Co.**  
**Chartered Accountants**  
**Firm Registration No. 102860W**

Mumbai,  
 Date: 24<sup>th</sup> April, 2012

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

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

We have audited the attached Balance Sheet of LKP Finance Limited as at 31<sup>st</sup> March 2012 and the statement of Profit & Loss of the Company for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors Report) Order, 2003 (as amended), issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 (the Act) and on the basis of such checks, as we considered appropriate, we give in Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in paragraph 1 above:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by the report are in compliance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors of the Company as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors of the Company none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of the sub-section (1) of Section 274 of the Companies Act, 1956.

3. In our opinion and to the best of our information and according to the explanations given to us the accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India:
  - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March 2012.
  - (b) In the case of the statement of Profit and Loss of the profit for the year ended on that date and
  - (c) In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

**For Ford, Rhodes, Parks & Co.**  
**Chartered Accountants**  
**Firm Registration No. 102860W**

**A.D.Shenoy**

**Partner**

**Membership No.11549**

Mumbai,

Date: 24<sup>th</sup> April, 2012

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) During the year the Company has carried out physical verification of Assets. On verification, certain items which were not serviceable and not in good condition were written off. The total amount written off to the Statement of Profit AND Loss on above account is Rs. 7,10,321/-.
  - (c) During the year the company has not disposed off any substantial part of its fixed assets so as to affect the going concern.
2. The company does not have any stock of raw materials, stores, spare parts, finished goods and therefore clause ii (a), (b), (c) (of the Order) are not applicable.
  3. The company has neither taken nor granted any loans, secured or unsecured from Companies, firms or any other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except for an interest free unsecured short term loan granted to two subsidiaries. The amount due from the two subsidiaries as on 31<sup>st</sup> March 2012 is Rs 14.04 Crores.
  4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for services provided. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control procedures.
  5. (a) On the basis of our examination of the books of account and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered in the said register.
  - (b) In our opinion and according to the information and explanations given to us the contracts and arrangements (as referred in Section 301) have been made at prices which are reasonable having regard to the prevailing market price at relevant date.
6. The company has not accepted any deposits from the public within the meaning of the provision of Section 58A and 58AA of the Act.
  7. During the year the company has appointed an independent Chartered Accountant to carry out Internal Audit of the Company. The Scope and coverage of the Internal Audit is commensurate with the size and nature of business.
  8. The Company is a Loan and Investment Company hence clause (viii) of the Order is not applicable.
  9. (a) According to the information and explanations given to us by the Management and on the basis of the examination of the books of account carried out by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, and other statutory dues with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us by the Management and the records of the company examined by us there was one dispute (A.Y 03-04) pending before Income Tax Appellate Tribunal and the demand is NIL.
10. The Company has no accumulated losses as at the beginning of the year and as at 31<sup>st</sup> March 2012.
  11. Based on our audit procedures and the information and explanations given to us by the Management, we are of the opinion that the Company has not availed any Loans from Financial Institutions and hence default in repayment of dues does not arise
  12. As per the books and records of the company examined by us, the Company has granted loans against pledge of shares and proper records have been maintained.
  13. Clause (xiii) of the Order is not applicable as the company is not a Chit Fund Company or nidhi /mutual benefit fund /society.
  14. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the company in its own name.
  15. The Company has given a guarantee to a Bank for Rs 8.00 crores on behalf of its Subsidiary, where the terms and conditions are not prejudicial to the interests of the company.
  16. The company has not taken any term loans.
  17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
  18. The Company has not made any preferential allotment of shares during the year.
  19. The Company has not issued any Debentures so security or charge in that respect does not arise
  20. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Order is not applicable.
  21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of the audit.

**For Ford, Rhodes, Parks & Co.**  
**Chartered Accountants**  
**Firm Registration No. 102860W**

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

Mumbai,  
Date: 24<sup>th</sup> April, 2012



**BALANCE SHEET AS AT 31 ST MARCH, 2012**

(Rupees)

Particulars	Note No.		As at 31.03.2011
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	B1	<b>130,774,890</b>	130,774,890
(b) Reserves and surplus	B2	<b>1,421,686,701</b>	1,401,370,303
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	B3	<b>40,474,724</b>	156,145,399
(a) Long-term provisions	B4	<b>3,175,949</b>	-
<b>3 Current liabilities</b>			
(a) Short-term borrowings	B5	<b>1,055,138,428</b>	576,698,730
(b) Trade payables	B6	<b>55,452,366</b>	17,675,174
(c) Other current liabilities	B7	<b>5,669,677</b>	44,908,138
(d) Short-term provisions	B8	<b>30,397,969</b>	151,989,847
	<b>TOTAL</b>	<b><u>2,742,770,704</u></b>	<b><u>2,479,562,481</u></b>
<b>II. ASSETS :</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets ( Tangible Assets)	B9	<b>4,524,494</b>	11,361,907
(b) Non-current investments	B10	<b>664,849,021</b>	648,410,823
(c) Deferred tax asset (net)		<b>36,049,414</b>	46,317,875
(d) Long-term loans and advances	B11	<b>670,000</b>	688,398
<b>2 Current assets</b>			
(a) Inventories ( Securities)		<b>482,992,120</b>	367,479,934
(b) Trade receivables	B12	<b>44,034,188</b>	35,051,777
(c) Cash and cash equivalents	B13	<b>283,975,884</b>	649,453,083
(d) Short-term loans and advances	B14	<b>1,225,675,583</b>	720,798,684
	<b>TOTAL</b>	<b><u>2,742,770,704</u></b>	<b><u>2,479,562,481</u></b>
Notes forming part of the Accounts	A1 to C16		

As per our Report attached

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

Chartered Accountants

Firm Registration No 102860W

**A.D.Shenoy**

Partner

Membership No 11549

Mumbai

Dated : 24th April, 2012

**For and on behalf of the Board**
**M.V.Doshi**

Executive Chairman

**V.N.Suchanti**

Director

**M.S. Bhise**

Director

**P.M.Doshi**

Director

Mumbai

Dated : 24th April, 2012

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(Rupees)

<b>Particulars</b>	<b>Note No.</b>		<b>Previous Year</b>
I. Revenue from operations		<b>210,128,282</b>	516,338,127
II. Other income	B15	<b>11,940,331</b>	16,183,339
<b>III. Total Revenue</b>		<b>222,068,613</b>	<b>532,521,466</b>
IV. Expenses:			
Employee benefits expense	B16	<b>41,543,868</b>	42,144,264
Finance costs		<b>76,880,452</b>	35,735,525
Depreciation		<b>446,304</b>	781,020
Other expenses	B17	<b>25,510,346</b>	126,211,263
Provision for standard assets		<b>3,175,949</b>	-
<b>V Total Expenses</b>		<b>147,556,920</b>	<b>204,872,072</b>
<b>VI. Profit before tax</b>		<b>74,511,693</b>	<b>327,649,394</b>
<b>VII. Tax expense:</b>			
(1) Current tax		<b>15,600,000</b>	65,500,000
(2) Deferred tax		<b>10,268,461</b>	979,125
<b>VIII. Profit after tax</b>		<b>48,643,232</b>	<b>261,170,269</b>
IX Earnings per equity share:			
(1) Basic		<b>3.72</b>	19.97
(2) Diluted		<b>3.50</b>	18.79
Notes forming part of the Accounts	A1 to C16		

As per our Report attached

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

Chartered Accountants

Firm Registration No 102860W

**A.D.Shenoy**

Partner

Membership No 11549

Mumbai

Dated : 24th April, 2012

**For and on behalf of the Board****M.V.Doshi**

Executive Chairman

**M.S. Bhise**

Director

Mumbai

Dated : 24th April, 2012

**V.N.Suchanti**

Director

**P.M.Doshi**

Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2012**

(Rs in Lacs)

Previous Year

**A. Cash Flow From Operating Activities:**

Net Profit before interest & tax	<b>1,513.92</b>		3,633.85
Adjustments for:			
Depreciation	<b>4.46</b>		7.81
Interest Expense	<b>768.80</b>		357.36
Balances Written off	<b>--</b>		659.80
Employee Stock Compensation Expenses	<b>20.71</b>		16.05
Profit on sale of assets	<b>(42.57)</b>		--
Dividend Received	<b>(38.63)</b>		(83.37)
Profit on sale of investments	<b>(283.48)</b>		(3,090.50)
	<b>429.29</b>		(2,132.85)
Operating Profit before Working Capital Changes	<b>1,943.21</b>		1,501.00
Adjustments for working capital changes	<b>(6,161.88)</b>		(8,039.41)
Cash Generated from operations	<b>(4,218.67)</b>		(6,538.41)
Interest paid	<b>(768.80)</b>		(357.36)
Direct taxes paid	<b>(129.48)</b>	<b>(1,961.88)</b>	(661.21)
<b>Net cash from operating activities</b>	<b>(5,116.95)</b>		<b>(7,556.98)</b>

**B Cash flow from investing activities**

Purchase of fixed assets	<b>--</b>		(9.77)
Sale of fixed assets	<b>91.00</b>		--
Purchase of Investments	<b>(1,380.89)</b>		(2,686.78)
Sale of Investments	<b>605.65</b>		8,371.10
Dividend received	<b>38.63</b>		83.37
<b>Net cash used in investing activities</b>	<b>(645.61)</b>		<b>5,757.92</b>

**C Cash flow from financing activities**

Increase in borrowings	<b>3,627.69</b>		5,595.53
Dividend paid (including tax)	<b>(1,519.90)</b>		(1,071.00)
<b>Net cash used in financing activities</b>	<b>2,107.79</b>		<b>4,524.53</b>
Net increase in cash and cash equivalents	<b>(3,654.77)</b>		2,725.47
Cash and cash equivalents. (opening)	<b>6,494.53</b>		3,769.06
Cash and cash equivalents. (closing)	<b>2,839.76</b>		6,494.53

As per our Report attached

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

Chartered Accountants

Firm Registration No 102860W

**A.D.Shenoy**

Partner

Membership No 11549

Mumbai

Dated : 24th April, 2012

**For and on behalf of the Board**
**M.V.Doshi**

Executive Chairman

**M.S. Bhise**

Director

Mumbai

Dated : 24th April, 2012

**V.N.Suchanti**

Director

**P.M.Doshi**

Director

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting**

The financial accounts have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The financial statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006, as amended, notified by the Central Government, in terms of section 211 (3C) of the Companies Act, 1956 and the guidelines issue by the Reserve Bank of India ('RBI') as applicable To a Non Banking Finance Company ('NBFC'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2. 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 revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known materialized.

**3. Revenue Recognition**

In respect of lease and hire purchase agreement it is the Company's general policy to accrue income as per the terms of the Agreement entered into with the lessees / hirers from time to time. In respect of disputed lease agreement, which is contested in court the lease rentals will be accounted as and when received. Hire purchase and service charges are accounted on equated basis over the period of contracts.

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

**4. Fixed Assets & Depreciation**

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

The Company provides depreciation as under:

- a) On assets for own use : On written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act 1956 as amended on 16<sup>th</sup> December, 1993.
- b) On assets acquired and leased: On straight line method at the rates so as to write off the assets over the period of lease.

**5. Impairment of Assets**

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

**6. Inventories**

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

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

**7. Non Current Investments**

Securities which are intended to be held for one year or more are classified as Non Current- Long Term Investments. Investments are capitalized and accounted at the cost plus brokerage and stamp charges. Provision for diminution in value is made in case the same is other than temporary. Profit or losses on investments are accounted as and when realized

**8. Earning Per Share**

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

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

**9. Taxes on Income**

- a) Current Tax: Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.
- b) Deferred Tax : In accordance with the Accounting Standard 22- "Accounting for Taxes on the Income", issued by the Institute of Chartered Accountants of India, the deferred tax for the timing difference is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

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

**10. Employee Benefits**

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

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

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

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

**11. Derivative Transactions.**

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

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

- b. Contingent Assets are neither recognized nor disclosed.

**B1. SHARE CAPITAL**

(Rupees)

Particulars	As at 31 March 2011		As at 31 March 2011	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Redemable Cumulative Preference Shares of Rs 100/- each	1,000,000	100,000,000	1,000,000	100,000,000
Equity Shares of Rs 10/- each	<u>20,000,000</u>	<u>200,000,000</u>	<u>20,000,000</u>	<u>200,000,000</u>
<b>Issued, Subscribed &amp; Paid up</b>				
Redemable Cumulative Preference Shares of Rs 100/- each	-	-	-	-
Equity Shares of Rs 10/- each	13,077,489	130,774,890	13,077,489	130,774,890
Total	<u>13,077,489</u>	<u>130,774,890</u>	<u>13,077,489</u>	<u>130,774,890</u>

- 1) The Equity Shares are listed on the Bombay Stock Exchange Ltd
- 2) The Company has not issued any Preference Shares.

Particulars	Equity Shares	
	Number	Rupees
Shares outstanding at the beginning of the year	13,077,489	130,774,890
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	13,077,489	130,774,890

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr Mahendra V Doshi	4,482,886	34.28	4,482,886	34.28
Prasu Leasing & Finance Pvt Ltd	1,777,700	13.59	2,277,700	17.42
Agrud Capital Pte Ltd	727,489	5.56	727,489	5.56
India Max Investment Fund Ltd	872,711	6.68	372,711	2.85

Particulars	Year (Aggregate No. of Shares)				
	2010-11	2009-10	2008-09	2007-08	2006-07
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	361,263	88,737	-	-	-

**B2. RESERVES AND SURPLUS**

(Rupees)

Particulars	As at 31 March 2011	
<b>A. Break up of Reserves and movements thereon</b>		
<b>a. Capital Reserves- Share Warrants moneys forfeited</b>		
Opening Balance	19,400,000	19,400,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<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	4,500,000	4,500,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>4,500,000</u>	<u>4,500,000</u>
<b>c. Securities Premium Account</b>		
Balance as per last balance sheet	<u>275,075,267</u>	<u>275,075,267</u>
Closing Balance	<u>275,075,267</u>	<u>275,075,267</u>
<b>d. Special Reserve Fund- As per RBI guidelines for NBFCs</b>		
Opening Balance	261,491,404	209,257,350
(+) Current Year Transfer	9,728,646	52,234,054
(-) Written Back in Current Year	-	-
Closing Balance	<u>271,220,050</u>	<u>261,491,404</u>
<b>e. General Reserve</b>		
Opening Balance	629,793,951	579,793,951
(+) Current Year Transfer	4,000,000	50,000,000
(-) Written Back in Current Year	-	-
Closing Balance	<u>633,793,951</u>	<u>629,793,951</u>
<b>f. Employees Stock Options (ESOPs)</b>		
Opening Balance	6,692,785	6,692,785
(+) Current Year Transfer	-	-
(-) Deferred Employees Compensation	3,016,787	5,087,922
(-) Written Back in Current Year	-	-
Closing Balance	<u>3,675,998</u>	<u>1,604,863</u>
<b>B. Surplus</b>		
Opening balance	209,504,818	167,286,189
(+) Net Profit for the year	48,643,232	296,442,530
(-) Transfer to Special Reserve Fund	9,728,646	52,234,054
(-) Transfer to General Reserve	4,000,000	50,000,000
(-) Proposed Dividend	26,154,978	130,774,890
(-) Tax on Proposed Dividend	4,242,991	21,214,957
Closing Balance	<u>214,021,435</u>	<u>209,504,818</u>
<b>Total</b>	<u><u>1,421,686,701</u></u>	<u><u>1,401,370,303</u></u>

**B3. LONG TERM BORROWINGS**

(Rupees)

**Particulars**

 As at  
 31 March 2011

Secured

From banks (Secured by pledge of Fixed Deposit Receipts)	<b>40,474,724</b>	156,145,399
<b>Total</b>	<b>40,474,724</b>	156,145,399

**B4. LONG TERM PROVISIONS**

Contingent Provisions against standard assets	<b>3,175,949</b>	-
<b>TOTAL</b>	<b>3,175,949</b>	-

**B5. SHORT TERM BORROWINGS**
Secured

(a) <b>From banks.</b> (Secured By pledge of Fixed Deposit Receipts and Securities)	<b>303,502,209</b>	232,048,730
(b) <b>Loans from Corporates</b> (Secured by pledge of own and third party securities)	<b>751,636,219</b>	344,650,000
<b>Total</b>	<b>1,055,138,428</b>	576,698,730

**B6. TRADE PAYABLES**

(a) Trade Payables: Sundry Creditors	<b>55,452,366</b>	17,675,174
<b>Total</b>	<b>55,452,366</b>	17,675,174

**B7. OTHER CURRENT LIABILITIES**

(a) Statutory Dues	<b>507,680</b>	2,672,558
(b) Unpaid dividends	<b>4,387,987</b>	2,278,218
(c) Other payables	<b>774,010</b>	39,957,362
<b>Total</b>	<b>5,669,677</b>	44,908,138

**B8. SHORT TERM PROVISIONS**

Proposed Dividend	<b>26,154,978</b>	130,774,890
Dividend Distribution Tax on above	<b>4,242,991</b>	21,214,957
<b>Total</b>	<b>30,397,969</b>	151,989,847

**B9. FIXED ASSETS**

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April 2011	Deductions	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Deductions	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
<b>Tangible Assets</b>									
Buildings	17,669,255	5,680,788	<b>11,988,467</b>	8,722,801	96,480		<b>8,819,281</b>	<b>3,169,186</b>	8,946,454
Furniture and Fixtures ( Refer note no C15 )	14,344,299	14,219,299	<b>125,000</b>	14,293,757	29,040	14,214,797	<b>108,000</b>	<b>17,000</b>	50,542
Vehicles	1,753,661		<b>1,753,661</b>	384,961	190,392		<b>575,353</b>	<b>1,178,308</b>	1,368,700
Office Equipments ( Refer note no C15 )	22,563,951	22,013,951	<b>550,000</b>	21,567,740	130,392	21,308,132	<b>390,000</b>	<b>160,000</b>	996,211
<b>Total</b>	56,331,166	41,914,038	<b>14,417,128</b>	44,969,259	446,304	35,522,929	<b>9,892,634</b>	<b>4,524,494</b>	11,361,907

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

**B10. NON CURRENT INVESTMENTS**

(Rupees)

Particulars	As at 31 March 2011	
<b>Investments</b>		
(a) Investment in Properties -- Office Premises	248,750,000	248,750,000
(b) Investment in Equity instruments	238,191,385	276,061,087
(c) Investments in Preference shares	179,365,954	119,365,954
(d) Investments in Debentures and bonds	-	4,219,047
(e) Investments in Mutual Funds	14,735	14,735
<b>Total</b>	<b>666,322,074</b>	<b>648,410,823</b>
Less : Provision for diminution in the value of quoted Investments	<b>(1,473,053)</b>	--
<b>Total</b>	<b>664,849,021</b>	<b>648,410,823</b>

Aggregate amount of quoted investments (Market value of Rs 120,409,785/- (Previous Year Rs 148,076,692/-)	121,882,839	143,901,588
Aggregate amount of unquoted investments	295,689,235	234,331,950

Details of Investments in Securities								
Sr. No.	Name of the Body Corporate	Subsidiary / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount	
			31st March 2012	31st March 2011			31st March 2012	31st March 2011
<b>a</b>	<b>Investment in Equity Instruments</b>							
	Tata Motors Ltd	Others	40	8	Quoted	Fully paid	3,061	3,061
	Maharashtra Polybutane Ltd	Others	300,000	30,000	Quoted	Fully paid	666,189	666,189
	JSW Steel Ltd	Others	47	47	Quoted	Fully paid	1,280	1,280
	D S Kulkarni Developers Ltd	Others	583	583	Quoted	Fully paid	64,130	64,130
	NHPC Ltd	Others	131,910	131,910	Quoted	Fully paid	3,050,198	3,050,198
	ITC Ltd (Bonus Shares)	Others	--	300,000	Quoted	Fully paid	--	16,463,417
	Reliance Broadcast Network Ltd	Others	700,000	700,000	Quoted	Fully paid	44,389,127	59,500,000
	Mercator Lines Limited	Others	1,271,000	500,000	Quoted	Fully paid	33,700,320	18,541,232
	City Union Bank Limited	Others	200,000	200,000	Quoted	Fully paid	8,699,837	8,699,837
	Manganese Ore India Limited	Others	3,406	3,406	Quoted	Fully paid	1,277,250	1,277,250
	South Indian Bank Limited	Others	1,000,000	1,000,000	Quoted	Fully paid	20,647,019	20,647,019
	Thomas Cook (India) Ltd	Others	440	39,440	Quoted	Fully paid	18,474	1,402,974
	The Saraswat Co-op Bank Ltd.	Others	1,005	1,005	Unquoted	Fully paid	10,050	10,050
	The Hindustan Times Ltd.	Others	5,600	5,600	Unquoted	Fully paid	1,256,500	1,256,500
	LKP Holdings Pvt Ltd	Others	7,600	7,600	Unquoted	Fully paid	76,000	76,000
	Business India Publication Ltd	Others	-	1,338,000	Unquoted	Fully paid	-	20,070,000
	LKP Securities Ltd.	Subsidiary	26,190,650	26,190,650	Unquoted	Fully paid	107,931,950	107,931,950
	Gayatri Cement & Chemicals Industries Pvt.Ltd	Subsidiary	21,000	21,000	Unquoted	Fully paid	16,400,000	16,400,000
<b>b</b>	<b>Investments in Preference Shares</b>							
	Thomas Cook (India) Ltd 0.001% Class B Preference Shares	Others	319,765	319,765	Quoted	Fully paid	5,062,680	5,062,680
	Thomas Cook (India) Ltd 0.001% Class C Preference Shares	Others	271,800	271,800	Quoted	Fully paid	4,303,274	4,303,274
	LKP Securities Ltd-Preference Shares	Subsidiary	1,700,000	1,100,000	Unquoted	Fully paid	170,000,000	110,000,000
<b>c</b>	<b>Investments in Debentures and Bonds</b>							
	8.95% IDBI Upper Tier II 2024 Bonds	Others	-	4	Quoted	Fully paid	-	4,219,047
<b>d</b>	<b>Investments in Mutual Funds</b>							
	BenchMark Mutual Fund.	Others	147,342	147,342	Quoted	Fully paid	14,735	14,735
	<b>Total</b>						<b>417,572,073</b>	<b>399,660,823</b>

1) The Company holds 99.81% of Equity Share capital &amp; 100% 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.

**B11. LONG TERM LOANS & ADVANCES**

(Rupees)

**Particulars**

As at 31 March 2011

**a. Security Deposits**

Secured, considered good

**Total**

<u>670,000</u>	<u>688,398</u>
<u>670,000</u>	<u>688,398</u>

**B12. TRADE RECEIVABLES**

Trade receivables outstanding for a period less than six months

Unsecured, considered good

**Total**

<u>44,034,188</u>	<u>35,051,777</u>
<u>44,034,188</u>	<u>35,051,777</u>

**B13. CASH AND CASH EQUIVALENTS**
**a. Balances with banks**

In unpaid dividend accounts

In Current Accounts

In FDRs with Bank - more than 12 months maturity

In FDRs with Bank - less than 12 months maturity

**b. Cash on hand**
**Total**

<u>4,387,987</u>	2,278,218
<u>1,579,857</u>	6,168,822
<u>160,000,000</u>	641,000,000
<u>118,000,000</u>	-
<u>8,040</u>	<u>6,043</u>
<u>283,975,884</u>	<u>649,453,083</u>

**B14 SHORT TERM LOANS AND ADVANCES**

Secured, considered good

Unsecured, considered good [(including due from

Subsidiaries Rs 14,04,55,503/- (previous year Rs 1,13,06,128/-)]

<u>669,752,543</u>	395,816,917
<u>552,715,510</u>	320,357,859

Advance Tax net of provision for tax

**Total**

<u>3,207,530</u>	<u>4,623,908</u>
<u>1,225,675,583</u>	<u>720,798,684</u>

**B15. OTHER INCOME**

Profit on Sale of Fixed Assets

Rent Income

Bad Debts Recovered

Miscellaneous Income

**Total**

<u>4,256,712</u>	-
<u>1,032,000</u>	1,183,667
<u>6,117,100</u>	12,999,672
<u>534,519</u>	<u>2,000,000</u>
<u>11,940,331</u>	<u>16,183,339</u>

Previous Year

**B16. EMPLOYEE BENEFITS EXPENSES**

(a) Salaries and allowances

(b) Contribution to Provident fund &amp; ESIC

(c) Contribution to LIC Group Gratuity Fund

(d) ESOP compensation expenses w/off

(e) Staff welfare expenses

**Total**

<u>37,884,803</u>	38,853,843
<u>583,988</u>	654,315
<u>921,286</u>	599,865
<u>2,071,135</u>	1,604,863
<u>82,656</u>	<u>431,378</u>
<u>41,543,868</u>	<u>42,144,264</u>

**B17. OTHER EXPENSES**

Rent, Rates &amp; Taxes

Repairs - Others

Advertisement

Directors Fees

Travelling &amp; Conveyance

Postage, Telegram &amp; Telephones

Legal and Professional Charges

Printing &amp; Stationery

Auditors Remuneration :

Audit fees

Tax audit fees

Irrecoverable Loans Written off

Brokerage

Donation

Provision for Diminution in value of investments

Miscellaneous Expenses

**Total**

<u>279,316</u>	287,194
<u>219,423</u>	82,399
<u>82,774</u>	60,889
<u>45,000</u>	60,000
<u>3,144,561</u>	5,610,163
<u>494,260</u>	643,814
<u>13,574,023</u>	26,682,925
<u>145,934</u>	159,529
<u>150,000</u>	150,000
<u>25,000</u>	25,000
--	65,980,000
<u>763,502</u>	-
<u>124,000</u>	125,000
<u>1,473,053</u>	-
<u>4,989,500</u>	<u>26,344,350</u>
<u>25,510,346</u>	<u>126,211,263</u>



**C. NOTES :**
**1. Contingent Liabilities:**

- (a) Guarantee given to a Bank on behalf of a Subsidiary – Rs 8.00 crores. (Previous Year Rs 5.00 crores)
- (b) Claim against the Company not acknowledged as debt Rs. 33.99 Lacs , against which the company has deposited the money in the Honorable High Court of Mumbai.
2. The company has contributed towards its gratuity liability for employees to Life Insurance Corporation of India - Group Gratuity Scheme based on the annual contribution as intimated by Life Insurance Corporation of India.
- D) Reconciliation of opening and closing balances of the present value of the obligation

		Rs. in lacs	31.03.2011 Rs. in lacs
a.	Present value of obligation at the beginning of the year	48.17	42.65
b.	Current service cost	3.85	3.73
c.	Interest Cost	3.70	3.41
d.	Benefits paid	(4.63)	(4.01)
e.	Actuarial (Gain)/Loss	13.70	2.39
f.	Present value of the obligation at the end of the year	64.80	48.17

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

		Rs. in lacs	31.03.2011 Rs. in lacs
a.	Fair value of Plan Assets at the beginning of the year	53.95	46.81
b.	Expected return on Plan Assets	5.91	4.44
c.	Contributions	21.03	6.72
d.	Benefits paid	(4.63)	(4.01)
e.	Actuarial (Gain)/Loss on Plan Assets	Nil	Nil
f.	Fair value of Plan Assets at the end of the year	76.27	53.95

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

		Rs. in lacs	31.03.2011 Rs. in lacs
a.	Present value of obligation at the end the year	64.80	48.17
b.	Fair value of Plan Assets at the end of the year	76.27	53.95
c.	Excess of Fair value of Plan Assets over present value of obligation	11.47	5.78

**III) Expenses charged to Profit & Loss Account.**

		Rs. in lacs	Previous Year Rs. in lacs
a.	Expenses charged to Profit & Loss Account	9.21	6.00

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

	Rs. in lacs	Previous Year Rs. in lacs
Salary	36.00	36.00
House Rent Allowance	18.00	18.00
Commission	-	117.00
Contribution to Provident Fund	0.09	0.09
Perquisites	0.25	0.25
<b>Total</b>	<b>54.34</b>	<b>171.34</b>
Computation of net profits in accordance with Section 198 read with Section 309(5) of the Act.		
Profit before Tax as per Profit and Loss Account	745.12	3276.49
Add :		
Remuneration to Director	54.34	171.34
Directors Fees	0.45	0.60
Depreciation as per Profit and Loss Account	4.46	7.81
Profit on sale of Fixed Assets as per Section 349 of the Act	5.52	-
	809.89	3456.24
Less :		
Depreciation as per Section 350 of the Act	5.13	5.90
Profit on sale of Fixed Assets as per books	42.57	-
	47.70	5.90
Net Profit as per Section 198 of the Companies Act, 1956	762.20	3450.33
Maximum permissible remuneration to Executive Chairman. The remuneration of Rs 54.24 lacs paid is the minimum remuneration as per the Shareholders approval.	38.11	172.52
Directors Sitting Fees	0.45	0.60

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

		Previous Year
Profit after Tax ( Rs in lacs )	486.43	2611.70
Number of Shares Outstanding	13,077,489	13,077,489
	<b>Rs. Ps.</b>	<b>Rs. Ps.</b>
Earnings per shares (Basic)	3.72	19.97
Earnings per shares (Diluted)	3.50	18.79
Face Value of Share	10	10

**5. Taxation :**

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

**b. Deferred Tax Asset**

	Rs. in lacs	For the year Rs. in lacs	As at 31.03.2011 Rs. in lacs
Written down value differential	(6.71)	(16.86)	(23.57)
Brought forward losses	367.20	119.55	486.67
	360.49	102.68	463.18

c. Income Tax assessments have been completed upto Asst. Year 2009-2010. There are no pending demands in respect of completed assessments.

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

(i) List of related parties and relationships.

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

(ii) Transaction with related parties.

	Subsidiary Company	Associate Company	Key Managerial Personnel	Total (Rs. In Lacs)
Rent	10.32	---	---	10.32
Income				
Directors Remuneration	---	---	54.34	54.34

7. Expenditure in Foreign Currency

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

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

The Company has not changed its accounting policy for income recognition (which is on accrual basis). The Prudential Norms of the RBI require the company to derecognize certain income and make provisions for non-performing assets. As the market value of the quoted shares as at 31.03.2012 was lower as compared to the carrying cost, the Company has made full provision towards diminution in value of Non Current Quoted Investments Rs 14,73,053/-

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

- provided 0.25% of Standard Assets amounting to Rs. 31.76 lacs
- appropriated 20% of the Net Profits Rs 97.29 lacs ( Previous year Rs 522.34 lacs) to Special Reserve Fund.

10. Tax Deducted at Source on income: Rs. 94.77 lacs (Previous Year Rs. 61.21 lacs)

11. The company has no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31<sup>st</sup> March, 2012.

12. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31<sup>st</sup> March, 2012

13. Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. During the year Rs 20,71,135/- (Previous year Rs 16,04,863/-) has been amortised on account of the Employees' Stock Option Scheme 2010. None of the options have been exercised so far.

14. During the year the company has entered into Futures & Options contracts on the National Stock Exchange in the Equity Segment and on the Multi Commodity Exchange in the commodity segment. The open position as on 31.03.2012 is Rs 1774.15 lacs (Previous Year Rs 557.57 lacs).

15. During the year the Company carried out a physical verification of Furniture & Fixtures and Office Equipments (including computers). The physical list included some very old items of furniture and office equipments(including computers) which were not in good condition and unserviceable and unusable. These assets have been depreciated over 95% of the original cost in the books of accounts. The Company has decided to continue with such assets which have some useful life and are in good condition and write off those assets which are unserviceable and have no salvage value. Accordingly the Company has written off Rs 7,10,321/- to the Statement of P&L Account

16. Till the year ended 31<sup>st</sup> March,2011, the company was using pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of its financial statements. During the year ended 31<sup>st</sup> March,2012, the revised Schedule VI notified under the Companies Act, 1961 has become applicable to the company. The company has reclassified previous figures to conform to this years classification.

As per our Report attached

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

Chartered Accountants

Firm Registration No 102860W

**For and on behalf of the Board**

**M.V.Doshi**                      **V.N.Suchanti**

Executive Chairman      Director

**A.D.Shenoy**

Partner

Membership No 11549

Mumbai

Dated : 24th April, 2012

**M.S. Bhise**

Director

Mumbai

Dated : 24th April, 2012

**P.M.Doshi**

Director

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF LKP FINANCE LTD. ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LKP FINANCE LTD., AND ITS SUBSIDIARIES.**

1. We have audited the attached Consolidated Balance Sheet of LKP Finance Ltd. ("the Company") and its subsidiaries as at 31<sup>st</sup> March 2012, the Consolidated statement of Profit and Loss for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statements for the year ended on that date, which we have signed under reference to this report. Our responsibility is to express an opinion on this consolidated statement based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of the subsidiary LKP Securities Ltd have been audited by us whose financials reflect total assets of Rs 12,315.37 lacs as at 31<sup>st</sup> March, 2012 and total revenues of Rs 4,301.32 lacs for the year ended on that date. The financial statements of the subsidiary Gayatri Cement & Chemical Industries Pvt Ltd have been audited by us whose financials reflect total assets of Rs 38.47 lacs as at 31<sup>st</sup> March, 2012 and total revenues of Rs 6.01 lacs for the year ended on that date.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31<sup>st</sup> March 2012.
  - (b) In the case of the consolidated Statement of Profit and Loss, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
  - (c) In the case of the consolidated Cash Flow Statement, of the consolidated Cash Flows of the Company and its subsidiaries for the year then ended.

**For Ford, Rhodes, Parks & Co.**  
**Chartered Accountants**  
Firm Registration No.102860W

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

Place : Mumbai  
Date : 24<sup>th</sup> April, 2012

Membership No 11549

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH,2012**

Particulars	Note No.	As at 31.03.2011	
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	C- B1	130,774,890	130,774,890
(b) Reserves and surplus	C- B2	1,453,038,345	1,445,323,006
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	C- B3	41,997,897	156,145,399
(b) Long-term provisions	C- B4	5,518,077	5,052,506
<b>3 Current liabilities</b>			
(a) Short-term borrowings	C-B5	1,301,346,275	815,922,275
(b) Trade payables	C-B6	577,347,238	434,744,294
(c) Other current liabilities	C-B7	39,834,137	79,865,305
(d) Short-term provisions	C-B8	30,397,969	151,989,847
<b>TOTAL</b>		<b>3,580,254,828</b>	<b>3,219,817,522</b>
<b>II. ASSETS :</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets C-B9</b>			
a.Tangible assets		73,662,174	77,016,558
b.Intangible assets		8,291,429	8,000,696
c.Goodwill on consolidation		69,749,950	69,749,950
(b) Non-current investments	C-B10	393,950,082	437,665,233
(c) Deferred tax asset (net)		49,217,327	56,646,202
(d) Long-term loans and advances	C-B11	77,642,488	77,092,538
(e) Other non current assets		12,047,547	16,514,315
<b>2 Current assets</b>			
(a) Inventories ( Securities)		482,992,120	367,479,934
(b) Trade receivables	C-B12	803,875,473	450,008,456
(c) Cash and cash equivalents	C-B13	441,175,145	817,133,213
(d) Short-term loans and advances	C-B14	1,161,835,007	839,104,500
(e) Other Current Assets		5,816,085	3,405,927
<b>TOTAL</b>		<b>3,580,254,828</b>	<b>3,219,817,522</b>
Notes forming part of the Consolidated Financial Statement	C-A1 to C-C7		

**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH,2012**

Particulars	Note No.	Previous Year	
<b>I. Revenue from operations</b>			
		<b>632,048,741</b>	979,336,576
<b>II. Other income</b>			
	C-B15	<b>19,721,007</b>	23,464,690
<b>III. Total Revenue (I + II)</b>		<b>651,769,748</b>	1,002,801,266
<b>IV. Expenses:</b>			
Employee benefits expense	C-B16	<b>193,076,547</b>	208,119,518
Finance costs		<b>110,699,641</b>	65,907,791
Depreciation		<b>19,358,331</b>	20,534,960
Other expenses	C-B17	<b>266,388,232</b>	377,231,176
Provision for standard assets		<b>3,175,949</b>	-
<b>V. Total expenses</b>		<b>592,698,700</b>	671,793,445
<b>VI. Profit Before Tax</b>		<b>59,071,048</b>	331,007,821
<b>VII. Tax expense:</b>			
(1) Current tax		<b>15,600,000</b>	65,500,000
(2) Deferred tax		<b>7,428,875</b>	2,236,132
<b>VIII. Profit After Tax</b>		<b>36,042,173</b>	263,271,689
<b>IX Earnings per equity share:</b>			
(1) Basic		<b>2.76</b>	20.13
(2) Diluted		<b>2.59</b>	18.94
Notes forming part of the Consolidated Financial Statement	C-A1 to C-C7		

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

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

**A.D.Shenoy**  
 Partner  
 Membership No 11549  
 Mumbai  
 Dated : 24th April, 2012

**M.S. Bhise** **P.M.Doshi**  
 Director Director  
 Mumbai  
 Dated : 24th April, 2012

As per our Report attached  
**For FORD, RHODES, PARKS & CO**  
 Chartered Accountants  
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**M.V.Doshi** **V.N.Suchanti**  
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**M.S. Bhise** **P.M.Doshi**  
 Director Director  
 Mumbai  
 Dated : 24th April, 2012

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	Rs in Laacs	Rs in Laacs	Rs in Laacs	As at 31.3.2011 Rs in Laacs
<b>A. Cash Flow From Operating Activities:</b>				
Net Profit/(Loss) before tax and Extraordinary				
Items and Interest.		1,697.70		2,648.90
Adjustments for:				
Depreciation	193.58		205.35	
Interest Expenses	1,106.99		659.08	
Balances written off	-		720.80	
Employee Stock Compensation Expenses	20.71		16.05	
Profit on sale of fixed assets	(39.22)		17.81	
Dividend Received	(39.58)		(84.12)	
Profit on sale of investments	(283.48)		(3,081.59)	
		959.00		(1,546.62)
Operating Profit before Working Capital Changes		2,656.70		1,102.28
Adjustments for working capital changes		464.49		(8,203.33)
Cash Generated from operations		3,121.19		(7,101.05)
Interest paid	(1,106.99)		(659.08)	
Direct taxes paid	(176.71)	(1,283.70)	(709.53)	(1,368.61)
Net cash from operating activities		1,837.49		(8,469.66)
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets	(232.39)		(117.90)	
Sale of fixed assets	93.18		23.68	
Purchase of Investments	(788.51)		(2,717.80)	
Sale of Investments	616.85		8,415.70	
Dividend received	39.58		84.12	
Net cash used in investing activities		(271.29)		5,687.80
<b>C. Cash flow from financing activities</b>				
Increase in borrowings	3,713.27		6,233.15	
Dividend paid	(1,519.90)		(1,071.00)	
Net cash used in financing activities		2,193.37		5,162.15
Net increase in cash and cash equivalents		3,759.57		2,380.29
Cash and cash equivalents. (opening)		8,171.32		5,791.03
Cash and cash equivalents. (closing)		4,411.75		8,171.32

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

For and on behalf of the Board

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

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

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

Mumbai  
 Dated : 24th April, 2012

Mumbai  
 Dated : 24th April, 2012

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**C-A. SIGNIFICANT ACCOUNTING POLICIES**
**1. Basis of Accounting**

The financial accounts have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The financial statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006, as amended, notified by the Central Government, in terms of section 211 (3C) of the Companies Act, 1956 and the guidelines issue by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2. Depreciation :**

The Company provides depreciation as under:

- On assets for own use : On written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act 1956 as amended on 16<sup>th</sup> December, 1993.
- On assets acquired and leased: On straight line method at the rates so as to write off the assets over the period of lease.
- Leasehold Improvements : Leasehold improvements are written off over the period of lease.

**3. Principles of Consolidation**

- The consolidated financial statements relate to LKP Finance Ltd ('the Company') and its Subsidiary Companies.

The consolidated financial statements have been prepared on the following basis.

- The financial statements of The Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together income and expenses, after fully eliminating inter-group balances and inter-group transactions.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- The excess of cost to the company of its investments (in the Subsidiary Companies) over the Share Capital of its Subsidiaries is recognised in the financial statements as goodwill.
- No disclosure has been made for share of profit and share in net assets of the subsidiary, LKP Securities Ltd in respect of Minority Interest (0.19% of the Subsidiary's Equity Capital).

- The Subsidiary Companies in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% of voting power held as at 31st March, 2012
1. LKP Securities Limited	India	99.81
2. Gayatri Cement & Chemical Industries Pvt Ltd	India	100.00

- Other Significant Accounting Policies

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

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

**C-B1. SHARE CAPITAL**

(Rupees)

Particulars	As at 31 March 2011			
	Number	Amount	Number	Amount
<b>Authorised</b>				
Redemable Cumulative Preference Shares of Rs 100/- each	1,000,000	100,000,000	1,000,000	100,000,000
Equity Shares of Rs 10/- each	20,000,000	200,000,000	20,000,000	200,000,000
<b>Issued, Subscribed &amp; Paid up</b>				
Redemable Cumulative Preference Shares of Rs 100/- each	-	-	-	-
Equity Shares of Rs 10/- each	13,077,489	130,774,890	13,077,489	130,774,890
<b>Total</b>	<b>13,077,489</b>	<b>130,774,890</b>	<b>13,077,489</b>	<b>130,774,890</b>

- The Equity Shares are listed on the Bombay Stock Exchange Ltd
- The Company has not issued any Preference Shares.

Particulars	Equity Shares	
	Number	Rupees
Shares outstanding at the beginning of the year	13,077,489	130,774,890
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	13,077,489	130,774,890

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr Mahendra V Doshi	4,482,886	34.28	4,482,886	34.28
Prasu Leasing & Finance Pvt Ltd	1,777,700	13.59	2,277,700	17.42
Agrud Capital Pte Ltd	727,489	5.56	727,489	5.56
India Max Investment Fund Ltd	872,711	6.68	372,711	2.85

Particulars	Year (Aggregate No. of Shares)				
	2010-11	2009-10	2008-09	2007-08	2006-07
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	361,263	88,737	-	-	-

**C-B2. RESERVES AND SURPLUS**

(Rupees)

Particulars	As at 31 March 2011	
<b>A. Break up of Reserves and movements thereon</b>		
<b>a. Capital Reserves- Share Warrants moneys forfeited</b>		
Opening Balance	19,400,000	19,400,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	19,400,000	19,400,000
<b>b. Capital Redemption Reserve on account of buyback of Equity shares</b>		
Opening Balance	4,500,000	4,500,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	4,500,000	4,500,000
<b>c. Securities Premium Account</b>		
Balance as per last balance sheet	275,075,267	275,075,267
Closing Balance	275,075,267	275,075,267
<b>d. Special Reserve Fund- As per RBI guidelines for NBFCs</b>		
Opening Balance	261,491,404	209,257,350
(+) Current Year Transfer	9,728,646	52,234,054
(-) Written Back in Current Year	-	-
Closing Balance	271,220,050	261,491,404

**Particulars**

 (Rupees)  
 As at  
 31 March 2011

<b>e. General Reserve</b>		
Opening Balance	630,098,768	580,098,768
(+) Current Year Transfer	4,000,000	50,000,000
(-) Written Back in Current Year	-	-
Closing Balance	634,098,768	630,098,768
<b>f. Employees Stock Options (ESOPs)</b>		
Opening Balance	6,692,785	6,692,785
(+) Current Year Transfer	-	-
(-) Deferred Employees Compensation	3,016,787	5,087,922
(-) Written Back in Current Year	-	-
Closing Balance	3,675,998	1,604,863
<b>B. Surplus</b>		
Opening balance	253,152,704	209,231,757
(+) Net Profit for the year	36,042,173	298,144,848
(-) Transfer to Special Reserve Fund	9,728,646	52,234,054
(-) Transfer to General Reserve	4,000,000	50,000,000
(-) Proposed Dividend	26,154,978	130,774,890
(-) Tax on Proposed Dividend	4,242,991	21,214,957
Closing Balance	245,068,262	253,152,704
<b>Total</b>	<b>1,453,038,345</b>	<b>1,445,323,006</b>

**C- B3.LONG TERM BORROWINGS**
**Secured**

From banks (Secured by pledge of Fixed Deposit Receipts)	40,474,724	156,145,399
Other Loans (Secured by hypothecation of vehicle)	1,523,173	-
<b>Total</b>	<b>41,997,897</b>	<b>156,145,399</b>

**C-B4. LONG TERM PROVISIONS**

Contingent Provision against standard assets	3,175,949	-
Provision for Gratuity	2,342,128	5,052,506
<b>Total</b>	<b>5,518,077</b>	<b>5,052,506</b>

**C-B5. SHORT TERM BORROWINGS**
**Secured**

<b>(a) From banks.</b>		
(Secured By pledge of Fixed Deposit Receipts and Securities)	303,502,209	232,048,730
(Secured By hypothecation of Debtors and pledge of FDR's & personal guarantee of Mr M V Doshi)	243,618,856	236,844,046
<b>(b) Loans from Corporates</b>		
(Secured by pledge of own and third party securities)	751,636,219	344,650,000
<b>(c) Vehicle Loans</b>		
(Secured by hypothecation of vehicle)	938,991	699,229

**Unsecured**

Others	1,650,000	1,680,270
<b>Total</b>	<b>1,301,346,275</b>	<b>815,922,275</b>

**C-B6. TRADE PAYABLES**

Sundry Creditors	577,347,238	434,744,294
<b>Total</b>	<b>577,347,238</b>	<b>434,744,294</b>



**C- B7 OTHER CURRENT LIABILITIES**

(Rupees)

Particulars	As at 31 March 2011
(a) Statutory Dues	9,282,388
(b) Unpaid dividends	4,387,987
(c) Other payables	26,163,762
<b>Total</b>	<b>39,834,137</b>

**C- B8. SHORT TERM PROVISIONS**

(Rupees)

Particulars	As at 31 March 2011
Proposed Dividend	26,154,978
Dividend Distribution Tax on above	4,242,991
<b>Total</b>	<b>30,397,969</b>

**C- B9 FIXED ASSETS**

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April 2011	Additions/ Deductions	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Deductions	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
<b>a. Tangible Assets</b>									
Buildings	23,439,311	(5,680,788)	17,758,523	13,259,215	219,844		13,479,059	4,279,464	10,180,096
Furniture and Fixtures	53,419,421	(14,269,467)	39,149,954	37,231,297	2,963,408	(14,307,758)	25,886,947	13,263,007	16,188,124
Vehicles	13,998,241	4,495,010	18,493,251	7,684,837	2,037,779	(305,483)	9,417,133	9,076,118	6,313,404
Office equipment	135,823,923	(18,233,850)	117,590,073	95,136,621	8,294,329	(21,645,131)	81,785,819	35,804,254	40,687,302
Leasehold Improvements	5,457,578	8,571,546	14,029,124	1,809,946	979,847	0	2,789,793	11,239,331	3,647,632
<b>Total</b>	232,138,474	(25,117,549)	207,020,925	155,121,916	14,495,207	(36,258,372)	133,358,751	73,662,174	77,016,558
<b>b. Intangible Assets</b>									
Computer software	34,575,142	5,127,629	39,702,771	26,574,446	4,863,124	26,228	31,411,342	8,291,429	8,000,696

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

**C-B10. NON CURRENT INVESTMENTS**

(Rupees)

Particulars	As at 31 March 2011
<b>Investments (Refer A below)</b>	
(a) Investment in Properties -- Office Premises	248,750,000
(b) Investment in Equity instruments	137,197,440
(c) Investments in preference shares	9,365,954
(d) Investments in debentures or bonds	-
(e) Investments in Mutual Funds	1,014,735
<b>Total</b>	<b>396,328,129</b>
Less : Provision for diminution in the value of quoted Investments	(2,378,047)
<b>Total</b>	<b>393,950,082</b>

**Note :**

Aggregate amount of quoted investments Rs 139,389,987/-(161,766,851-) Market value Rs 120,409,785/-(Rs148,076,692/-)

Aggregate amount of unquoted investments Rs 299,229,112/-(Rs 237,871,827/-)

**Details of Investments in Securities**

Sr. No.	Name of the Body Corporate	Subsidiary / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	(Rupees)	
			As at 31 March 2012	As at 31 March 2011			As at 31 March 2012	As at 31 March 2011
<b>(a) Investment in Equity Instruments</b>								
Tata Motors Ltd	Others	40	8	Quoted	Fully Paid	3,061	3,061	
Maharashtra Polybutane Ltd	Others	300,000	30,000	Quoted	Fully Paid	666,189	666,189	
JSW Steel Ltd	Others	47	47	Quoted	Fully Paid	1,280	1,280	
D S Kulkarni Developers Ltd	Others	732	732	Quoted	Fully Paid	71,520	71,520	
NHPC Ltd	Others	131,910	131,910	Quoted	Fully Paid	3,050,198	3,050,198	
ITC Ltd (Bonus Shares)	Others	--	300,000	Quoted	Fully Paid	--	16,463,417	
Reliance Broadcast Network Ltd	Others	700,000	700,000	Quoted	Fully Paid	44,389,127	59,500,000	
Mercator Lines Limited	Others	1,271,000	500,000	Quoted	Fully Paid	33,700,320	18,541,232	
City Union Bank Limited	Others	200,000	200,000	Quoted	Fully Paid	8,699,837	8,699,837	
Manganese Ore India Limited	Others	3,406	3,406	Quoted	Fully Paid	1,277,250	1,277,250	
South Indian Bank Limited	Others	1,000,000	1,000,000	Quoted	Fully Paid	20,647,019	20,647,019	
Thomas Cook (India) Ltd	Others	440	39,440	Quoted	Fully Paid	18,474	1,402,974	
The Saraswat Co-op Bank Ltd.	Others	1,005	1,005	Unquoted	Fully Paid	10,050	10,050	
The Hindustan Times Ltd.	Others	5,600	5,600	Unquoted	Fully Paid	1,256,500	1,256,500	
LKP Holdings Pvt Ltd	Others	7,600	7,600	Unquoted	Fully Paid	76,000	76,000	
Business India Publication Ltd	Others	-	1,338,000	Unquoted	Fully Paid	-	20,070,000	
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	

Sr. No.	Name of the Body Corporate	Subsidiary / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	(Rupees)	
			As at 31 March 2012	As at 31 March 2011			As at 31 March 2012	As at 31 March 2011
	Axis IT & T Ltd.	Others	500	500	Quoted	Fully Paid	40,500	40,500
	ONGC Ltd.	Others	72	72	Quoted	Fully Paid	36,000	36,000
	Roopa Industries Ltd.	Others	8900	8900	Quoted	Fully Paid	89,000	89,000
	TCI Finance Ltd.	Others	8300	8300	Quoted	Fully Paid	249,000	249,000
	Geodesic Information Systems Ltd.	Others	6792	6792	Quoted	Fully Paid	1,199,920	1,199,920
	Reliance Power Ltd.	Others	17440	17440	Quoted	Fully Paid	6,481,117	6,481,117
	East India Hotels	Others	37000	37000	Quoted	Fully Paid	3,072,290	3,072,290
	L&T Finance Holding Ltd.	Others	15000	0	Quoted	Fully Paid	761,930	-
	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
	Everlon Synthetics Ltd	Others	14,000	14,000	Quoted	Fully Paid	140,000	140,000
	Asian Electronics	Others	10,000	10,000	Quoted	Fully Paid	265,900	265,900
	Credit Capital Venture Ltd	Others	1,000	1,000	Quoted	Fully Paid	49,043	49,043
	D B Reality Ltd	Others	1,500	1,200	Quoted	Fully Paid	236,222	211,271
	Eros Media Ltd	Others	500	500	Quoted	Fully Paid	99,884	99,884
	IDBI Ltd	Others	1,500	1,500	Quoted	Fully Paid	244,005	244,005
	Idea Cellular Ltd	Others	1,500	1,500	Quoted	Fully Paid	200,475	200,475
	Indus Network Ltd	Others	2,300	2,300	Quoted	Fully Paid	59,320	59,320
	Ispat Industries Ltd	Others	8,000	8,000	Quoted	Fully Paid	567,318	567,318
	Kingfisher Airlines Ltd	Others	5,600	5,600	Quoted	Fully Paid	271,963	271,963
	MRPL	Others	7,000	7,000	Quoted	Fully Paid	385,199	385,199
	Power Grid Corporation Ltd	Others	1,500	1,500	Quoted	Fully Paid	214,050	214,050
	Sanghi Polyester Ltd	Others	10,000	10,000	Quoted	Fully Paid	124,484	124,484
	Srei Infrastructure Finance Ltd	Others	500	500	Quoted	Fully Paid	43,408	43,408
	Yes Bank Ltd	Others	700	200	Quoted	Fully Paid	199,912	56,693
	Edelweiss	Others	1,000	-	Quoted	Fully Paid	36,596	0
	MKM Shares & Stock Brokers Ltd	Others	2000	2000	Unquoted	Fully Paid	6,200	6,200
	Seaglimpse Investments Pvt Ltd	Others	490	490	Unquoted	Fully Paid	49,000	49,000
	Dean Finance & Investments Pvt Ltd	Others	4900	4900	Unquoted	Fully Paid	49,000	49,000
	Peak Plastics Pvt Ltd	Others	490	490	Unquoted	Fully Paid	49,000	49,000
<b>(b) Investments in Debentures or Bonds</b>								
	8.95% IDBI UPPER TIER II 2024 BONDS	Others	-	4	Quoted	Fully Paid	-	4,219,047
<b>(c) Investments in Mutual Funds</b>								
	BenchMark Mutual Fund.	Others	147,342	1,267,382	Quoted	Fully Paid	14,735	1,134,781
	LIC Mutual Fund	Others	100,000	100,000	Fully Paid	Fully Paid	1,000,000	1,000,000
<b>Total</b>							<b>138,212,173</b>	<b>180,454,272</b>



**C- B11 LONG TERM LOANS AND ADVANCES**

Particulars	(Rupees)	
	As at 31 March,2011	
<b>a. Security Deposits</b>		
Secured, considered good	77,642,488	77,092,538
<b>Total</b>	<u>77,642,488</u>	<u>77,092,538</u>

**C-B12. TRADE RECEIVABLES**

Trade receivables outstanding for a period less than six months		
Unsecured, considered good	803,875,473	450,008,456
<b>Total</b>	<u>803,875,473</u>	<u>450,008,456</u>

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

<b>a. Balances with banks</b>		
In unpaid dividend accounts	4,387,987	2,278,218
In Current Accounts	40,808,962	35,013,801
In FDRs with Bank - more than 12 months maturity	160,000,000	641,000,000
In FDRs with Bank - less than 12 months maturity	235,611,492	138,518,381
<b>b. Cash on hand</b>	<u>106,119</u>	<u>319,229</u>
<b>Total</b>	<u>440,914,560</u>	<u>817,129,629</u>

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

Secured, considered good	669,752,543	395,816,917
Unsecured, considered good (including due from Subsidiaries Rs 14,04,55,503/- (previous year Rs 1,13,06,128/-)	460,510,385	408,661,243
Advance Tax net of provision for tax	31,572,079	34,626,340
<b>Total</b>	<u>1,161,835,007</u>	<u>839,104,500</u>

**C-B15. OTHER INCOME**

Particulars	Previous Year	
Profit on Sale of Assets	4,256,712	-
Rent Income	-	151,667
Bad Debts Recovered	6,117,100	18,434,064
Miscellaneous Income	9,347,195	4,878,959
<b>Total</b>	<u>19,721,007</u>	<u>23,464,690</u>

**C-B16 EMPLOYEE BENEFITS EXPENSE**

(a) Salaries and allowances	178,066,973	190,128,634
(b) Contribution to Provident fund & ESIC	5,257,828	4,479,548
(c) Contribution to LIC Group Gratuity Fund	5,110,908	8,760,673
(d) ESOP compensation expenses w/off	2,071,135	1,604,863
(e) Staff welfare expenses	2,569,703	3,145,800
<b>Total</b>	<u>193,076,547</u>	<u>208,119,518</u>

**C-B17 OTHER EXPENSES**

Rent, Rates & Taxes	28,709,300	31,295,483
Repairs - Others	4,345,888	8,202,370
Advertisement	1,015,612	1,181,253
Directors Fees	45,000	60,000
Travelling & Conveyance	7,853,405	11,976,818
Postage, Telegram & Telephones	16,124,699	18,173,219
Legal and Professional Charges	19,814,375	41,480,697
Printing & Stationery	3,492,885	5,652,022
Auditors Remuneration :		
Audit fees	386,545	401,620
Tax audit fees	25,000	25,000
Irrecoverable Loans Written off	214,226	66,811,912
Brokerage	763,502	-
Donation	124,000	129,451
Provision for Diminution in value of investments	1,473,053	-
Miscellaneous Expenses	182,000,742	191,841,331
<b>Total</b>	<u>266,388,232</u>	<u>377,231,176</u>

**C-C. NOTES :**

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

	2011-12	2010-11
Profit after Taxation (Rupees in Lacs)	360.42	2,632.72
Number of Shares Outstanding	1,30,77,489	1,30,77,489
	<b>Rs. Ps.</b>	<b>Rs. Ps.</b>
Earnings per shares (Basic)	2.76	20.13
Earnings per shares (Diluted)	2.59	18.94
Face Value of Share	10	10

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

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

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

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

- (ii) Transaction with related parties.

	Subsidiary Company	Associate	Key Managerial Personnel	Total (Rs.in Lacs)
Rent income	10.32	-	-	10.32
Directors Remuneration	-	-	54.34	54.34

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

Capital (including Pref Shares)	2,245.82
Reserves & Surplus	313.52
Total Assets	12,315.37
Total Liabilities	12,315.37
Investments	234.33
Turnover	4,307.33
Loss before taxation	126.01
Provision for taxation	--
Loss after taxation	126.01
Proposed Dividend	Nil

- 4) Contingent Liabilities:

- (a) Guarantee given to Banks – Rs 20.10 crores. (Previous Year Rs 22.15 crores)
- (b) Claim against the Company not acknowledged as debt Rs. 33.99 Lacs , against which the company has deposited the money in the Honorable High Court of Mumbai.

- 5) 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. 31.76 lacs
- (b) appropriated 20% of the Net Profit's Rs 97.29 lacs ( Previous year Rs 522.34 lacs) to Special Reserve Fund.

- 6) During the year the company has entered into Futures & Options contracts on the National Stock Exchange in the Equity Segment and on the Multi Commodity Exchange in the commodity segment. The open position as on 31.03.2012 is Rs 1774.15 lacs (Previous Year Rs 557.57 lacs).

- 7) Till the year ended 31<sup>st</sup> March,2011, the company was using pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of its financial statements. During the year ended 31<sup>st</sup> March, 2012, the revised Schedule VI notified under the Companies Act, 1961 has become applicable to the company. The company has reclassified previous figures to conform to this year's classification.

**Important Communication to Members**

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

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

Or

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

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

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

**LKP Finance Limited**

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

**ATTENDANCE SLIP**

**28<sup>th</sup> Annual General Meeting on Tuesday, 29<sup>th</sup> May 2012**

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

No. of Shares held:.....

Mr./Mrs./Miss.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the Company held at M. C. Ghia Hall, Hargovindas Building, 18/20, Kaikhuskru Dubash Marg, Mumbai - 400 001, at 11.00 a.m. on Tuesday, 29<sup>th</sup> May 2012

.....  
 Proxy's Name in Block Letters

.....  
 Member's/Proxy's Signature

**NOTES :**

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

**LKP Finance Limited**

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

**PROXY**

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

No. of Shares held:.....

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

Proxy to vote for me/us on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 29<sup>th</sup> May 2012 and at any adjournment thereof.

As witness my hand this ..... day of.....2012.

Signed

Affix 1 Re.  
 Revenue  
 Stamp

## BOOK-POST



*If undelivered, please return to :*

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