

LKP Finance Limited



29TH ANNUAL REPORT 2012-2013

Board of Directors :

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

Company Secretary :

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

Auditors :

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

Registered Office :

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

Registrar & Shares Transfer Agent :

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

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*Annual General Meeting on Friday, 31st May, 2013 at
11.00 a.m. at M. C. Ghia Hall, Hargovindas Building,
18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.*

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of LKP Finance Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001 on Friday, 31st May 2013 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

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

Notes:

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

By Order of the Board of Directors

Mumbai
Date: 29th April 2013(M. V. Doshi)
Executive Chairman

DIRECTORS' REPORT

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

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

DIVIDEND

The Board of Directors are pleased to recommend a dividend @ Rs.2/- per equity share of the Company for the financial year ended 31st March 2013. The total cash outflow on account of dividend & tax thereon Rs.286.17 lacs.

PERFORMANCE REVIEW

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

Even under though difficult market conditions, the income from operation increased during the year under review. Trading in debt papers and development of retail clients like PF/Pension/Gratuity trust etc. has continued to yield good results. Further the Company substantially increased its business of loan against security of shares.

BUY- BACK

At the Board meeting held on 29th May 2012, the Board of Directors of the Company has approved to Buyback the Company's full paid up equity shares of Rs. 10/- each from open market through Stock Exchange route, subject to maximum Buyback price of Rs. 80/- per share, upto an aggregate amount not exceeding Rs.12,40,00,000/- (Rupees Twelve Crores Forty Lac Only) [excluding brokerage costs, SEBI Turnover charges, taxes such as Securities Transaction tax, service tax and relevant stamp duty] in accordance with the provisions contained in the Articles of Association, Section 77A,77AA,77B and other applicable provisions of the Companies Act 1956 and the provisions contained in the SEBI (Buy Back of Securities) Regulations, 1998 including any statutory modifications and amendments from time to time for the time being in force ("Buyback Regulations"). The above stated aggregate amount is not exceeding 10% of the paid-up capital and free reserves of the Company as per the Audited Annual Accounts of the Company for the financial year ended March 31, 2012.

Pursuant to the aforesaid approval the Company has bought-back from the Open Market on B S E Limited 7,41,423 equity shares upto March 31, 2013 at an average price of Rs 60.98 per share. Out of the shares bought-back, 7,33,495 equity shares have been extinguished till March 31, 2013. Hence the paid up equity share capital of the company as on March 31, 2013 stands reduced by Rs 73,34,950 to Rs. 12,34,39,940 divided into 1,23,43,994 equity shares of Rs. 10/- each.

EMPLOYEES STOCK OPTION SCHEME

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

FIXED DEPOSITS

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

SUBSIDIARIES

Your Company's subsidiary, LKP Securities Ltd. has expanded its geographical reach and now has 1030 outlets across India.

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

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

STATUTORY DISCLOSURE

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

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

DIRECTORS

Mr. Milan S. Bhise and Mr. Vineet N. Suchanti retire by rotation and being eligible offers themselves for re-appointment. Your Directors recommend their re-appointment.

AUDITORS' REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Mumbai
Date: April 29, 2013

(M. V. Doshi)
Executive Chairman

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

| | | |
|---|--------------------|--|
| 1. Name of the Subsidiary Company | LKP Securities Ltd | Gayatri Cement & Chemical Industries P. Ltd. |
| 2. Financial Year ending | 31.03.2013 | 31.03.2013 |
| 3. Date from which the Company became a subsidiary. | 01.04.1995 | 31.03.2010 |
| 4. Extent of Holding Company's interest in the subsidiary Company's Shareholding (in %) | 99.81 | 100 |
| | <u>Rs in Lacs</u> | <u>Rs in Lacs</u> |
| 5. Net aggregate amount of the Subsidiary's profits after deducting its losses or vice versa so far it concerns members of the Holding Company. | (319.22) | (11.01) |
| - Profits /Losses not dealt with in the Holding Company Accounts | | |
| a. for the financial year of the subsidiary | | |
| b. for the previous financial years since it became the Holding Company's Subsidiary | 453.02 | (11.47) |
| Profits dealt with or (Losses) provided for in the holding Company Accounts. | | |
| a. for the financial year of the Subsidiary | -- | -- |
| b. for the previous financial years since it became the holding Company's subsidiary | -- | -- |

For and on behalf of the Board

Mumbai
Dated : 29th April, 2013

M.V.Doshi
Executive Chairman

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

| | Scheme Name: Employees Stock Option Scheme 2010 | Granted on April 21, 2010 | Granted on October 12, 2010 | Granted on October 18, 2010 | Granted on December 15, 2010 | Granted on March 31, 2011 | Granted on June 26, 2012 |
|-----|--|--|---|---|---|--|-------------------------------------|
| 1. | Options Granted | 5,99,500 | 1,05,000 | 1,00,000 | 50,000 | 28,000 | 4,47,000 |
| 2. | Pricing Formula | Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options | Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options | Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options | Up to 5 % discount on the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options | On the average of the closing price of the Company's shares, in the BSE during the last 15 days preceding the date of grant of options | At a price of Rs. 80/- per option. |
| 3. | Options Vested | 3,99,666 | 35,000 | 30,833 | -- | 9,333 | -- |
| 4. | Options Exercised | -- | -- | -- | -- | -- | -- |
| 5. | Total number of Ordinary Shares arising as a result of exercise of Options | -- | -- | -- | -- | -- | -- |
| 6. | Options Lapsed/ Forfeited/ Surrendered/ Cancelled | 2,09,500 | 1,05,000 | 1,00,000 | 50,000 | 28,000 | -- |
| 7. | Variations of terms of Options | -- | -- | -- | -- | -- | -- |
| 8. | Money realized by exercise of the Options | -- | -- | -- | -- | -- | -- |
| 9. | Total number of Options in force | 3,90,000 | Nil | Nil | Nil | Nil | 4,47,000 |
| 10. | Employee-wise details of Options granted to: i) Details of Options granted to senior managerial personnel ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that Year. iii) Identified employees, who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant. | --- A total of 7,44,500 options were granted to the Employees of the Company including its subsidiary and also including the options given in 10 iii) below. One employee received 3,90,000 options. | | | | | |
| 11. | Diluted Earning Per Share (EPS) calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended March 31, 2013. | Rs. 5.12 | | | | | |
| 12. | i) Method of calculation of employee compensation cost ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if fair value of Options had been used iii) The impact of difference on profits and EPS of the Company for the year ended March 31, 2013 had fair value Options had been used for accounting Employee Options | Intrinsic Value As the fair value is lower than the intrinsic value the charge to profit and loss account is based on intrinsic value. There is no change in the reported diluted EPS. | | | | | |
| 13. | Weighted-average exercise price of options granted is equal/exceeds/less than market price of stock. | 1. Rs. 118/- in respect of Options granted on 21/04/2010 – less than the market price. 2. Rs. 80/- in respect of Options granted on 26/06/2012 – exceeds the market price | | | | | |
| 14. | A description of method and significant assumptions used during the year to estimate the fair value of Options granted during the year. 1) Risk free Interest Rate 2) Expected Life 3) Expected Volatility based on daily closing Market Price 4) Expected Dividends 5) The price of underlying share in the market at the time of grant | The fair value of options has been calculated by using Black Schole's Method. The assumption used in the above are: 9% 5 to 7 years 1% 2.23% Rs. 125.43 & Rs.57.02 | | | | | |

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

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

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

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

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

Opportunities and Threats

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

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

LKP Securities Ltd. is one of the reputed broking houses of the country, having a network of 1030 outlets across India. The company has put in place a new team to drive the retail business.

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

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

Segment-wise Performance

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

Outlook

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

Risks and Concerns

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

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

Internal Control Systems and their adequacy

The Company has satisfactory internal control system.

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

Financial Performance with respect to Operational Performance

Share Capital

The paid up equity share capital of the Company as on March 31, 2013 stands at Rs. 12,34,39,940 divided into 1,23,43,994 equity shares of Rs. 10/- each fully paid up.

Net Worth

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

Secured Loans

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

Total Income

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

Other Income

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

Interest and Finance Charges

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

Tax Expense

During the year under consideration the Tax Expense (including deferred tax Rs. 1.68 lacs), was Rs. 356.19 lacs as against Rs. 258.68 lacs in the previous year.

Human Resources

There has been no material development on the Human Resource/ Industrial Relations front during the year. As on 31st March 2013 the Company had 40 employees.

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

For and on behalf of the Board of Directors

Mumbai
 Date: April 29, 2013

(M. V. Doshi)
Executive Chairman

REPORT ON CORPORATE GOVERNANCE
1. Company's philosophy on Corporate Governance

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

2. Board of Directors
Composition

The composition and category of Directors as on 31st March 2013 are as follows:

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

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

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

Board Meeting

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

There were five Board Meetings held during the financial year ended 31st March 2013, namely on 24th April 2012, 29th May 2012, 20th July 2012, 29th October 2012, and 30th January 2013.

Attendance, Other Directorship & Membership,

Membership and Attendance of each Director at the Board of Directors' Meetings held during the year and the last Annual General Meeting and the number of other Directorship/ Membership of Board Committees as on 31st March 2013:

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

#Committee of Audit, Investor Grievances and Remuneration

Profile of Director being Re-appointed:

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

3 Audit Committee

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

Audit Committee meetings were held on 24th April 2012, 19th July 2012, 29th October 2012 and 30th January 2013. All the members have attended the aforesaid meetings except at the meeting dated 19th July 2012, leave of absence was granted to Mr. Milan S. Bhise. The Statutory Auditors were the invitees to the above meetings. The scope of activities and powers of Audit Committee includes the areas prescribed under the Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956.

4. Remuneration of Directors

During the year under review the Company has paid Rs. 54.34 lacs towards remuneration (details of which are provided in the note C 3 of the notes to the financial statements) to Mr. Mahendra V. Doshi, Executive Chairman of the Company pursuant to the special resolution passed by members through postal ballot on

March 17, 2010. At present, Independent Directors are not paid any remuneration.

Sitting Fees paid to Directors for attending Board Meetings

| | |
|------------------------------|--------------|
| 1. Mr. Milan S. Bhise | Rs. 20,000/- |
| 2. Mr. Vineet N. Suchanti | Rs. 20,000/- |
| 3. Mr. Hariharan Padmanabhan | Rs. 5,000/- |
| 4. Mr. Pratik M. Doshi | Rs. 25,000/- |
| 5. Mr. Sayanta Basu | Nil |
| 6. Mr. M. V. Doshi | Nil |

5. Shareholders Grievance Committee

The Board has set up Shareholders Grievance Committee having two Independent Directors, Mr. Milan S. Bhise and Mr. Vineet N. Suchanti as members. Mr. Milan S. Bhise is the Chairman of the said Committee. Mr. Girish Innani, General Manager (Legal) & Company Secretary of the Company is compliance officer. During the year 12 shareholders' letters/complaints were received out of which 11 were about non receipt of Dividend Warrant/s and 1 about non receipt of Annual Report. There is no complaint which has remained un-addressed. No transfer of shares is pending as on date.

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

6. Compensation Committee

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

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

7. Buy back Committee

The Board of Directors has constituted Buy back Committee of Directors consisting Mr. M. V. Doshi as Chairman and Mr. V. N. Suchanti as Members of said committee for administration and superintendence of Company's buy back of equity shares pursuant to the resolution dated 29th May 2012 approved by the Board of Directors of the Company.

8. General Body Meetings

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

| Financial Year | Day | Date | Time |
|----------------|---------|-----------------------------|-------------|
| 2011-2012 | Tuesday | 29 th May, 2012 | 11.00 a. m. |
| 2010-2011 | Friday | 10 th June, 2011 | 10.30 a. m. |
| 2009-2010 | Monday | 12 th July, 2010 | 11.00 a. m. |

Location:

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

Business

| | |
|-----------|--|
| Year | Special Resolution passed. |
| 2011-2012 | No Special resolution passed. |
| 2010-2011 | Special Resolution in respect of approval for appointment of Mr. Pratik M. Doshi as a Whole-time Director in Subsidiary Company- LKP Securities Ltd and payment of Remuneration thereof. |
| 2009-2010 | No Special resolution passed. |

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

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

9. Disclosure

- The related party transactions made by the Company are disclosed in the notes to financial statements. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board for its approval.
- During the last three years, there were no strictures or penalties imposed either by Securities and Exchange Board of India or the Stock Exchange or any regulatory authority for non-compliance of any matter related to the capital market.
- No personnel have been denied access to the Chairman or members of the Audit Committee. The mechanism of Whistle Blower Policy is not established.
- To the extent possible, the Company has complied with the mandatory requirement of this clause.
- The Company has complied with all applicable Accounting Standards in preparation of its financial statements pursuant to the amended Schedule VI of Companies Act, 1956.

10. Means of Communication

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

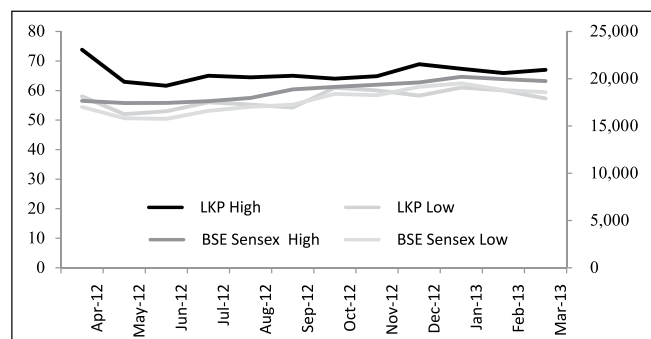
11. General Shareholder Information

| | |
|--------------------------|---|
| AGM Date, Time and Venue | Friday, 31 st May 2013 at 11.00 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001. |
| Financial Calendar | April to March Announcement of Audited / Un-audited Results (tentative) 1 st Quarter - Second week of August 2 nd Quarter - First week of November 3 rd Quarter - First week of February 4 th Quarter - Last week of April |

| | |
|---------------------------------|--|
| Book Closure | Monday, May 27, 2013 to Friday, May 31, 2013 (both days inclusive). |
| Dividend payment date | On or after June 01, 2013 |
| Listing on Stock Exchange | BSE Limited, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1 st April 2013 to 31 st March 2014. The Company is taking up the matter with appropriate authority of the Stock Exchange, Ahmedabad subsequent to their refusal for accepting voluntary delisting application. |
| Demat ISIN No. for Depositories | INE 724A01017 |

Market Price Data and Performance in comparison to BSE Sensex

| Month | High Price | Low Price | No. of Shares | No. of Trades | BSE Sensex | |
|--------|------------|-----------|---------------|---------------|------------|--------|
| | | | | | High | Low |
| Apr-12 | 73.80 | 58.00 | 30,555 | 449 | 17,664 | 17,010 |
| May-12 | 62.95 | 52.00 | 43,074 | 776 | 17,432 | 15,810 |
| Jun-12 | 61.60 | 53.00 | 30,682 | 352 | 17,448 | 15,749 |
| Jul-12 | 65.00 | 56.00 | 30,154 | 189 | 17,631 | 16,598 |
| Aug-12 | 64.45 | 55.25 | 14,330 | 186 | 17,973 | 17,027 |
| Sep-12 | 65.00 | 54.25 | 1,20,954 | 227 | 18,870 | 17,251 |
| Oct-12 | 64.00 | 60.90 | 21,234 | 176 | 19,137 | 18,393 |
| Nov-12 | 64.85 | 60.00 | 4,54,372 | 215 | 19,373 | 18,256 |
| Dec-12 | 68.90 | 58.25 | 4,45,151 | 731 | 19,612 | 19,149 |
| Jan-13 | 67.35 | 61.00 | 1,74,432 | 258 | 20,204 | 19,509 |
| Feb-13 | 65.90 | 60.00 | 1,36,144 | 177 | 19,967 | 18,794 |
| Mar-13 | 67.00 | 57.30 | 38,549 | 153 | 19,755 | 18,568 |



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

Share Transfer System

The Company's Shares are traded on BSE Limited compulsorily in the dematerialized form. However, all requests received for transfer of shares for off market transaction in physical form furnishing with a copy of PAN card of the transferee(s) in compliance with the SEBI circular in that behalf, are processed by the Registrar and Transfer Agents and are approved by Share Transfer Committee on weekly

basis. The Share Transfers are registered and returned within period of 15 days from the date of lodgment, if documents are complete in all respect.

Distribution of shareholding as on 31st March 2013

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

Share holding pattern as on 31st March 2013

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

Dematerialization of equity Shares and liquidity

As on 31st March 2013, 96.13 % of the Company's total shares represented by 1,18,66,886 shares were held in dematerialized form.

Out standing GDR/Warrants/Convertible Instruments

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

Address for correspondence

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

For and on behalf of Board of Directors

Mumbai
 Date: April 29, 2013

(M. V. Doshi)
 Executive Chairman

DECLARATION

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchange, and according to information provided/available, this is to confirm that all members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2013.

Mumbai
 April 29, 2013

(M. V. Doshi)
 Executive Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,
 LKP Finance Limited

We have examined the compliance of conditions of Corporate Governance by LKP Finance Limited for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE Limited.

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

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

We state that in respect of investor grievances received during the year ended 31st March, 2013, no investor grievances are pending/un-addressed by the Company as on 29th April, 2013, as per the records maintained by the Company and presented to the Shareholders' Grievance Committee.

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

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

A. D. Shenoy
 Partner
 Membership No.11549

Mumbai,
 Date: 29th April, 2013

Independent Auditor's Report To the Members of LKP Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of LKP Finance Limited ("the Company") which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;

- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm registration number: 102860W

Place : Mumbai
Date : 29th April 2013

A. D. Shenoy
Partner
Membership number: 011549

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of LKP Finance Limited ("the Company") for the year ended 31 March 2013. We report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) During the year the Company has carried out physical verification of Assets. No discrepancy was noticed on such physical verification as compared with fixed asset register.
 - (c) During the year the Company has not disposed off any substantial part of its fixed assets so as to affect the going concern.
2. The company does not have any stock of raw materials, stores, spare parts, finished goods and therefore clause ii (a), (b), (c) (of the Order) are not applicable.
 3. The company has neither taken nor granted any loans, secured or unsecured from Companies, firms or any other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except for an interest free unsecured short term loan granted to one of its subsidiaries. The amount due as on 31st March 2013 is Rs 278.63 lacs. There are no stipulations as to repayment of principal.
 4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for sale of goods and services. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control procedures.
 5. (a) On the basis of our examination of the books of account and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered in the said register.
 - (b) In our opinion and according to the information and explanations given to us the contracts and arrangements (as referred in Section 301) have been made at prices which are reasonable having regard to the prevailing market price at relevant date.
 6. The company has not accepted any deposits from the public within the meaning of the provision of Section 58A and 58AA of the Act.
 7. During the year the company has appointed an independent Chartered Accountant to carry out Internal Audit of the Company. The Scope and coverage of the Internal Audit is commensurate with the size and nature of business.
 8. The Company is a Loan and Investment Company hence clause (viii) of the Order is not applicable.
 9. (a) According to the information and explanations given to us by the Management and on the basis of the examination of the books of account carried out by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, and other statutory dues with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us by the Management and the records of the company examined by us there are no disputes pending with tax authorities as at 31st March, 2013.
10. The Company has no accumulated losses as on 31st March, 2013 and the Company has not incurred any cash losses during the current financial year as also in the immediate preceding year.
 11. Based on our audit procedures and the information and explanations given to us by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
 12. As per the books and records of the company examined by us, the Company has granted loans against pledge of shares and proper records have been maintained.
 13. Clause (xiii) of the Order is not applicable as the company is not a Chit Fund Company or nidhi /mutual benefit fund /society.
 14. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the company in its own name.
 15. The Company has given a guarantee to a Bank for Rs 8.00 crores on behalf of its Subsidiary, where the terms and conditions are not prejudicial to the interests of the company.
 16. The Company has not availed term loans except loan for purchase of vehicle.
 17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
 18. The Company has not made any preferential allotment of shares during the year.
 19. The Company has not issued any Debentures so creating a charge on the assets of the Company does not arise
 20. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Order is not applicable.
 21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of the audit.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm registration number: 102860W

A. D. Shenoy
Partner

Place : Mumbai
Date : 29th April 2013

Membership number: 011549

BALANCE SHEET AS AT 31ST MARCH,2013

(Rupees)

As at 31.03.2012

I. EQUITY AND LIABILITIES :
1 Shareholders' funds

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

2 Non-current liabilities

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

3 Current liabilities

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

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

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

2 Current assets

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

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

Notes forming part of the Accounts

A1 to C16

As per our Report attached.

For and on behalf of the Board

For FORD, RHODES, PARKS & CO.,
Chartered Accountants
Firm Registration No.102860W
Executive Chairman
M. V. Doshi
Director
V. N. Suchanti
A. D. Shenoy
Partner

Membership No 11549

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

Mumbai

Mumbai

Dated : 29th April,2013

Dated : 29th April,2013

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

(Rupees)

| Particulars | Note No. | | Previous Year |
|--------------------------------------|-----------|---------------------------|---------------------------|
| I. Revenue from operations | B15 | 345,539,116 | 210,128,282 |
| II. Other income | B16 | 772,145 | 11,940,331 |
| III. Total Revenue | | <u><u>346,311,261</u></u> | <u><u>222,068,613</u></u> |
| IV. Expenses: | | | |
| Employee benefits expense | B17 | 35,253,883 | 41,543,868 |
| Finance costs | | 167,579,216 | 76,880,452 |
| Depreciation | | 982,526 | 446,304 |
| Other expenses | B18 | 37,263,364 | 25,510,346 |
| Provision for standard assets | | 2,125,660 | 3,175,949 |
| V Total Expenses | | <u><u>243,204,650</u></u> | <u><u>147,556,919</u></u> |
| VI. Profit before tax | | 103,106,612 | 74,511,694 |
| VII. Tax expense for the year | | 35,618,834 | 25,868,461 |
| VIII. Profit after tax | | 67,487,778 | 48,643,233 |
| IX Earnings per equity share: | | | |
| (1) Basic | | 5.47 | 3.72 |
| (2) Diluted | | 5.12 | 3.50 |
| Notes forming part of the Accounts | A1 to C16 | | |

As per our Report attached.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants
Firm Registration No.102860W
A. D. Shenoy
Partner
 Membership No 11549

 Mumbai
 Dated : 29th April,2013

For and on behalf of the Board

| | |
|---------------------------|-----------------------|
| Executive Chairman | M. V. Doshi |
| Director | V. N. Suchanti |
| Director | P. M. Doshi |
| Director | M.S. Bhise |

 Mumbai
 Dated : 29th April,2013

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

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

As per our Report attached.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants
Firm Registration No.102860W
A. D. Shenoy
Partner
 Membership No 11549

 Mumbai
 Dated : 29th April,2013

For and on behalf of the Board

| | |
|---------------------------|-----------------------|
| Executive Chairman | M. V. Doshi |
| Director | V. N. Suchanti |
| Director | P. M. Doshi |
| Director | M.S. Bhise |

 Mumbai
 Dated : 29th April,2013

Notes to financial statements for the year ended 31st March,2013**A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting**

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

2. Use of Estimates

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

3. Revenue Recognition

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

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

4. Fixed Assets & Depreciation

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

The Company provides depreciation as under:

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

5. Impairment of Assets

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

6. Inventories

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

- b) The securities held as inventories under current assets are valued at lower of cost or market value. In case of units of mutual fund, net asset value of units declared by the mutual funds as at 31st March, 2013 is considered as market value.

7. Non Current Investments

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

8. Earning Per Share

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

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

9. Taxes on Income

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

10. Employee Benefits

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

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

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

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

11. Derivative Transactions.

a. **Equity & Commodity Futures** :Gains/Losses on futures transactions are recognized on 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.

Notes to financial statements for the year ended 31st March,2013
B01. Share Capital

(Rupees)

| Particulars | As at 31 March 2012 | | | |
|---|---------------------|--------------------|-------------------|--------------------|
| | Number | Amount | Number | Amount |
| Authorised | | | | |
| 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 |
| Issued, Subscribed & Paid up | | | | |
| Redemable Cumulative Preference Shares of Rs 100/- each | - | - | - | - |
| Equity Shares of Rs 10/- each | 12,343,994 | 123,439,940 | 13,077,489 | 130,774,890 |
| Total | 12,343,994 | 123,439,940 | 13,077,489 | 130,774,890 |

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

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

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

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

B02. Reserves and Surplus

(Rupees)

| Particulars | As at 31 March 2012 | |
|---|---------------------|------------|
| | | |
| A. Break up of Reserves and movements thereon | | |
| a. Capital Reserves- Share Warrants moneys forfeited | | |
| Opening Balance | 19,400,000 | 19,400,000 |
| (+) Current Year Transfer | - | - |
| (-) Written Back in Current Year | - | - |
| Closing Balance | 19,400,000 | 19,400,000 |

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

B04. Long Term Provisions

| Particulars | As at 31 March 2012 | |
|---|---------------------|------------------|
| Contingent Provisions against standard assets | 5,301,609 | 3,175,949 |
| Total | 5,301,609 | 3,175,949 |

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

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

(b) Loans from Corporates

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

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

B06. Trade Payables

(a) Trade Payables:
Sundry Creditors

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

B07. Other Current Liabilities

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

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

B08. Short Term Provisions

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

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

B09. Fixed Assets

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

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

B10. Non Current Investments

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

Details of Investments in Securities

| Sr. No. | Name of the Body Corporate | Subsidiary / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Amount | |
|---|--|---------------------|-----------------------|-----------------|-------------------|--------------------------|--------------------|-----------------|
| | | | 31st March 2013 | 31st March 2012 | | | 31st March 2013 | 31st March 2012 |
| a Investment in Equity Instruments | | | | | | | | |
| | Tata Motors Ltd | Others | 40 | 40 | Quoted | Fully paid | 3,061 | 3,061 |
| | Maharashtra Polybutane Ltd | Others | 300,000 | 300,000 | Quoted | Fully paid | 666,189 | 666,189 |
| | JSW Steel Ltd | Others | 47 | 47 | Quoted | Fully paid | 1,280 | 1,280 |
| | D S Kulkarni Developers Ltd | Others | 583 | 583 | Quoted | Fully paid | 64,130 | 64,130 |
| | NHPC Ltd | Others | 131,910 | 131,910 | Quoted | Fully paid | 3,050,198 | 3,050,198 |
| | Reliance Broadcast Network Ltd | Others | 700,000 | 700,000 | Quoted | Fully paid | 44,389,127 | 44,389,127 |
| | Mercator Lines Limited | Others | 1,271,000 | 1,271,000 | Quoted | Fully paid | 33,700,320 | 33,700,320 |
| | City Union Bank Limited | Others | 35,043 | 200,000 | Quoted | Fully paid | 1,524,208 | 8,699,837 |
| | City Union Bank Limited- Rights | Others | 57,374 | - | Quoted | Partly paid | 573,740 | - |
| | Manganese Ore India Limited | Others | 3,406 | 3,406 | Quoted | Fully paid | 1,277,250 | 1,277,250 |
| | South Indian Bank Limited | Others | 1,000,000 | 1,000,000 | Quoted | Fully paid | 20,647,019 | 20,647,019 |
| | Thomas Cook (India) Ltd | Others | 440 | 440 | Quoted | Fully paid | 18,474 | 18,474 |
| | The Saraswat Co-op Bank Ltd. | Others | 1,005 | 1,005 | Unquoted | Fully paid | 10,050 | 10,050 |
| | The Hindustan Times Ltd. | Others | 5,600 | 5,600 | Unquoted | Fully paid | 1,256,500 | 1,256,500 |
| | LKP Holdings Pvt Ltd | Others | 7,600 | 7,600 | Unquoted | Fully paid | 76,000 | 76,000 |
| | LKP Securities Ltd. | Subsidiary | 26,190,650 | 26,190,650 | Unquoted | Fully paid | 107,931,950 | 107,931,950 |
| | Gayatri Cement & Chemicals Industries Pvt.Ltd | Subsidiary | 21,000 | 21,000 | Unquoted | Fully paid | 16,400,000 | 16,400,000 |
| b Investments in Preference Shares | | | | | | | | |
| | Thomas Cook (India) Ltd 0.001% Class B Preference Shares | Others | 319,765 | 319,765 | Quoted | Fully paid | 5,062,680 | 5,062,680 |
| | Thomas Cook (India) Ltd 0.001% Class C Preference Shares | Others | 271,800 | 271,800 | Quoted | Fully paid | 4,303,274 | 4,303,274 |
| | LKP Securities Ltd-Preference Shares | Subsidiary | 1,700,000 | 1,700,000 | Unquoted | Fully paid | 170,000,000 | 170,000,000 |
| c Investments in Mutual Funds | | | | | | | | |
| | BenchMark Mutual Fund. | Others | 147,342 | 147,342 | Quoted | Fully paid | 14,735 | 14,735 |
| | Total | | | | | | 410,970,184 | 417,572,074 |

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

B11. Long Term Loans & Advances

| Particulars | As at 31 March 2012 | |
|-----------------------------|---------------------|----------------|
| a. Security Deposits | | |
| Secured, considered good | 220,000 | 670,000 |
| Total | <u>220,000</u> | <u>670,000</u> |

B12. Trade Receivables

| | | |
|---|----------------|-------------------|
| Trade receivables outstanding for a period less than six months | | |
| Unsecured, considered good | 542,078 | 44,034,188 |
| Total | <u>542,078</u> | <u>44,034,188</u> |

B13. Cash and cash equivalents

| | | |
|--|--------------------|--------------------|
| a. Balances with banks | | |
| In unpaid dividend accounts | 4,401,745 | 4,387,987 |
| In Current Accounts | 2,456,767 | 1,579,857 |
| In FDRs with Bank - more than 12 months maturity | 100,000,000 | 160,000,000 |
| In FDRs with Bank - less than 12 months maturity | 153,000,000 | 118,000,000 |
| b. Cash on hand | 2,563 | 8,040 |
| Total | <u>259,861,076</u> | <u>283,975,884</u> |

B14 Short term loans and advances

| | | |
|--|----------------------|----------------------|
| Secured, considered good | 1,660,835,708 | 669,752,543 |
| Unsecured, considered good [including due from Subsidiary Rs 2,78,63,434/- (previous year Rs 12,97,51,575/-)] | 425,990,878 | 552,715,510 |
| Advance Tax net of provision for tax | 31,050,004 | 3,207,530 |
| Total | <u>2,117,876,590</u> | <u>1,225,675,583</u> |

B15. Income from Operations

| | | Previous Year |
|---------------------------------------|--------------------|--------------------|
| Interest Income | 301,218,394 | 147,518,462 |
| Dividend | 3,283,041 | 3,862,656 |
| Profit on sale of shares & securities | 60,369,395 | 79,226,567 |
| Income from F&O | (26,392,197) | (27,659,680) |
| Income from Services | 7,060,483 | 7,180,277 |
| Total | 345,539,116 | 210,128,282 |

B16. Other Income

| | | |
|--------------------------------|----------------|-------------------|
| Profit on Sale of Fixed Assets | - | 4,256,712 |
| Rent Income | 744,000 | 1,032,000 |
| Bad Debts Recovered | - | 6,117,100 |
| Miscellaneous Income | 28,145 | 534,519 |
| Total | <u>772,145</u> | <u>11,940,331</u> |

B17. Employee Benefits Expenses

| | | |
|---|-------------------|-------------------|
| (a) Salaries and allowances | 36,035,388 | 37,884,803 |
| (b) Contribution to Provident fund & ESIC | 526,115 | 583,988 |
| (c) Contribution to LIC Group Gratuity Fund | 236,722 | 921,286 |
| (d) ESOP compensation expenses w/off (net) | (1,960,708) | 2,071,135 |
| (e) Staff welfare expenses | 416,366 | 82,656 |
| Total | <u>35,253,883</u> | <u>41,543,868</u> |

B18. Other Expenses

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

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

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

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

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

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

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

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

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

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

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

III) Expenses charged to Statement of Profit & Loss.

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

3. Managerial Remuneration under Section 198 of the Companies Act

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

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

| | Current Year | Previous Year |
|---------------------------------|-------------------|---------------|
| Profit after Tax (Rs in lacs) | 674.87 | 486.43 |
| Number of Shares Outstanding | 12,343,994 | 13,077,489 |
| | Rs. Ps. | Rs. Ps. |
| Earnings per shares (Basic) | 5.47 | 3.72 |
| Earnings per shares (Diluted) | 5.12 | 3.50 |
| 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. The company has made adjustment of equivalent amount of tax provision for the year by availing MAT Credit of earlier years.

B. Tax expenses for the year comprises of :

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

Less : MAT credit adjustment of earlier years Rs 235.13 lacs

ii. Deferred Tax Asset Written off Rs 358.81 lacs

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

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

D. Deferred Tax Asset

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

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

(i) List of related parties and relationships.

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

(ii) Transaction with related parties.

| | Subsidiary Company | Associate Company | Key Managerial Personnel | Total (Rs. In Lacs) |
|------------------------|--------------------|-------------------|--------------------------|---------------------|
| Rent Income | 7.44 | --- | --- | 7.44 |
| Directors Remuneration | --- | --- | 54.34 | 54.34 |

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

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

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

The Prudential Norms of the RBI require the company to derecognize certain income and make provisions for non-performing assets. The market value of the quoted shares as at 31.03.2013 was lower by Rs 389.26 lacs as compared to the carrying cost. The company is of the view that this fall in the market value of quoted investments is temporary and in line with the ICAI guidelines no provision need be made. However as an abundant caution the company has decided to make additional provision of Rs 24.19 lacs in addition to existing provision of Rs 14.73 lacs to make overall provision of Rs 38.93 lacs to cover 10% of the shortfall in the market value of investments.

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

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

10. Tax Deducted at Source on income: Rs. 183.30 lacs (Previous Year Rs. 94.77 lacs)
11. The company has no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31st March, 2013.
12. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31st March, 2013
13. Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The company had granted 8,25,000 ESOPs in the year 2010-11. Out of these 4,35,000 ESOPs were surrendered during the year. The company has further granted 4,47,000 ESOPs during the year. Consequent to the surrender of ESOPs Rs 19.60 lacs (net) ESOP Compensation Expenses has been reversed to the statement of profit and loss which was charged to the statement of profit and loss in earlier years. There is no charge to the Statement of profit and loss in respect of ESOPs granted during the year as the grant price was higher than the fair value on the date of grant. None of the options have been exercised so far.
14. During the year the company has entered into Futures & Options contracts on the National Stock Exchange in the Equity Segment and on the Multi Commodity Exchange in the commodity segment. The open position as on 31.03.2013 is Rs 459.25 lacs (Previous Year Rs 1774.15 lacs).
15. Balance sheet of a non deposit taking non-banking financial company (As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms {Reserve Bank} Directions, 2007)

(Rs. In Lakh)

| Liabilities Side: | Amount Outstanding | Amount Overdue |
|---|---------------------------|---------------------------|
| (1) Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid: | | |
| (a) Debentures : Secured | NIL | NIL |
| : Unsecured | NIL | NIL |
| (Other than falling within the meaning of public deposit*) | | |
| (b) Deferred Credits | NIL | NIL |
| (c) Term Loans | NIL | NIL |
| (d) Inter-corporate Loans and Borrowings | NIL | NIL |
| (e) Commercial Paper | NIL | NIL |
| (f) Other Loans (specify Nature) | 14,171.19 | NIL |
| Asset Side | | Amount Outstanding |
| (2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below) | | |
| (a) Secured | | 16,608.35 |
| (b) Unsecured | | 4,570.41 |
| (Comprises advance income tax paid, capital advances & miscellaneous dues) | | |
| (3) Break up of Leased Assets and Assets and stock on hire and other assets counting towards AFC activities | | NIL |
| (i) Lease assets including lease rentals under sundry debtors | | |
| (a) Financial Lease | | NIL |
| (b) Operating Lease | | NIL |
| (ii) Stock on hire including hire charges under sundry debtors | | NIL |
| (a) Assets on hire | | NIL |
| (b) Repossessed Assets | | NIL |
| (iii) Other loans counting towards AFC activities | | NIL |
| (a) Loans where assets have been repossessed | | NIL |
| (b) Loans other than (a) above | | NIL |

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

| | | | |
|------------------------------|-----|----------------------------------|-------------|
| (4) Break up of Investments: | | Long Term Investments | |
| Current Investments | | 1. Quoted | |
| 1. Quoted: | | (i) Shares: | |
| (i) Shares | | (a) Equity | 1020.22 |
| (a) Equity | NIL | (b) Preference | 93.66 |
| (b) Preference | | (ii) Debentures and Bonds | NIL |
| (ii) Debentures and Bonds | NIL | (iii) Units of mutual funds | 0.15 |
| (iii) Units of mutual funds | NIL | (iv) Government Securities | NIL |
| (iv) Government Securities | NIL | (v) Others (Please specify) | NIL |
| (v) Others: | | 2. Unquoted: | |
| (a) Certificate of Deposit | NIL | (i) Shares | |
| (b) Commercial Paper | NIL | (a) Equity | 1256.75 |
| | | (b) Preference | 1700.00 |
| 2. Unquoted: | | (ii) Debentures and Bonds | NIL |
| (i) Shares | NIL | (iii) Units of mutual funds | NIL |
| (a) Equity | NIL | (iv) Government Securities | NIL |
| (b) Preference | NIL | (v) Others (please specify) | NIL |
| (ii) Debentures and Bonds | NIL | Share warrants | NIL |
| (iii) Units of mutual funds | NIL | Total | 4070.78 |
| (iv) Government Securities | NIL | CRAR | |
| (v) Others: | | Items | 2013 |
| (a) Certificate of Deposit | NIL | (i) CRAR % | 48.46 |
| (b) Commercial Paper | NIL | (ii) CRAR – Tier I capital (%) | 48.27 |
| | | (iii) CRAR – Tier II capital (%) | 0.19 |
| | | | 2012 |
| | | | 53.51 |
| | | | 53.37 |
| | | | 0.14 |

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

(6) Asset Liability Management
Maturity pattern of certain items of assets and liabilities

(Rs. In Crores)

| | 1 day to 30/31 days (1 month) | Over 1 month to 2 months | Over 2 months to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total |
|-----------------------|-------------------------------------|--------------------------------|---------------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------------|-----------------|--------|
| Liabilities | 10.40 | - | 0.02 | 0.02 | 60.54 | 71.35 | - | - | 142.33 |
| Borrowings from Banks | - | - | - | - | 32.82 | 11.69 | - | - | 44.51 |
| Market Borrowings | 10.40 | - | 0.02 | 0.02 | 27.72 | 59.66 | - | - | 97.82 |
| Assets | 31.89 | 4.97 | 4.19 | 3.75 | 37.64 | 185.87 | - | 32.22 | 300.53 |
| Advances | 0.20 | 4.97 | 4.19 | - | 30.14 | 174.59 | - | 2.79 | 216.88 |
| Investments / Stocks | 31.69 | - | - | 3.75 | 7.50 | 11.28 | - | 29.43 | 83.65 |

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

As per our Report attached.

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

A. D. Shenoy
Partner
Membership No 11549

Mumbai
Dated : 29th April,2013

For and on behalf of the Board

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

Mumbai
Dated : 29th April,2013

INDEPENDENT AUDITORS' REPORT**To the Board of Directors of
LKP Finance Limited**

We have audited the accompanying consolidated financial statements of LKP Finance Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2013, the consolidated statement of profit and loss and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment,

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2013;
- b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm registration number: 102860W

Place : Mumbai
Date : 29th April 2013

A. D. Shenoy
Partner
Membership number: 011549

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars | Note No. | As at 31.03.2012 | |
|--|--------------|-----------------------------|-----------------------------|
| I. EQUITY AND LIABILITIES : | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | C- B1 | 123,439,940 | 130,774,890 |
| (b) Reserves and surplus | C- B2 | 1,419,536,905 | 1,453,038,345 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | C- B3 | 81,759,238 | 41,997,897 |
| (b) Long-term provisions | C- B4 | 9,425,445 | 5,518,077 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | C-B5 | 1,839,910,349 | 1,301,346,275 |
| (b) Trade payables | C-B6 | 404,832,661 | 577,347,238 |
| (c) Other current liabilities | C-B7 | 39,355,545 | 39,834,137 |
| (d) Short-term provisions | C-B8 | 28,617,190 | 30,397,969 |
| TOTAL | | <u>3,946,877,273</u> | <u>3,580,254,828</u> |
| II. ASSETS : | | | |
| Non-current assets | | | |
| 1 (a) Fixed assets | C-B9 | | |
| a. Tangible assets | | 69,255,097 | 73,662,174 |
| b. Intangible assets | | 6,065,584 | 8,291,429 |
| c. Goodwill on consolidation | | 69,749,950 | 69,749,950 |
| (b) Non-current investments | C-B10 | 135,116,831 | 393,950,082 |
| (c) Deferred tax asset (net) | | 13,258,109 | 49,217,327 |
| (d) Long-term loans and advances | C-B11 | 78,136,607 | 77,642,488 |
| (e) Other non current assets | | 14,547,547 | 12,047,547 |
| 2 Current assets | | | |
| (a) Inventories (Securities) | | 429,559,957 | 482,992,120 |
| (b) Trade receivables | C-B12 | 531,631,992 | 803,875,473 |
| (c) Cash and cash equivalents | C-B13 | 442,767,732 | 441,175,145 |
| (d) Short-term loans and advances | C-B14 | 2,137,549,343 | 1,161,835,007 |
| (e) Other Current Assets | | 19,238,525 | 5,816,085 |
| TOTAL | | <u>3,946,877,274</u> | <u>3,580,254,828</u> |
| Notes forming part of the Consolidated Financial Statement | C-A1 to C-C7 | | |

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

| Particulars | Note No. | Previous Year | |
|--|--------------|--------------------------|--------------------------|
| I. Revenue from operations | C-B15 | 765,329,955 | 617,567,222 |
| II. Other income | C-B16 | 22,127,906 | 34,202,527 |
| III. Total Revenue (I + II) | | 787,457,861 | 651,769,749 |
| IV. Expenses: | | | |
| Employee benefits expense | C-B17 | 199,170,446 | 193,076,547 |
| Finance costs | | 234,042,460 | 110,699,641 |
| Depreciation | | 17,994,758 | 19,358,331 |
| Other expenses | C-B18 | 263,963,122 | 266,388,232 |
| Provision for standard assets | | 2,125,660 | 3,175,949 |
| V. Total expenses | | 717,296,446 | 592,698,700 |
| VI. Profit Before Tax | | 70,161,415 | 59,071,049 |
| VII. Tax expense for the year | | 35,696,765 | 23,028,875 |
| VIII. Profit After Tax | | <u>34,464,650</u> | <u>36,042,174</u> |
| IX. Earnings per equity share: | | | |
| (1) Basic | | 2.64 | 2.76 |
| (2) Diluted | | 2.48 | 2.59 |
| Notes forming part of the Consolidated Financial Statement | C-A1 to C-C7 | | |

As per our Report attached
 For FORD, RHODES, PARKS & CO.
 Chartered Accountants
 Firm Registration No.102860W
 A.D. Shenoy
 Partner
 Membership No 11549
 Mumbai
 Dated : 29th April,2013.

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

As per our Report attached
 For FORD, RHODES, PARKS & CO.
 Chartered Accountants
 Firm Registration No.102860W
 A.D. Shenoy
 Partner
 Membership No 11549
 Mumbai
 Dated : 29th April,2013.

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

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

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

As per our Report attached

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

A.D. Shenoy

Partner

Membership No 11549

Mumbai

Dated : 29th April,2013.

Mumbai

Dated : 29th April,2013

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
C-A. SIGNIFICANT ACCOUNTING POLICIES
1. Basis of Accounting

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

2. Depreciation :

The Company provides depreciation as under:

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

3. Principles of Consolidation

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

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

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

- The Subsidiary Companies in the consolidated financial statements are:

| Name of the Company | Country of Incorporation | % of voting power held as at 31st March,2013 |
|---------------------|--------------------------|--|
|---------------------|--------------------------|--|

- LKP Securities Limited India 99.81
- Gayatri Cement & Chemical Industries Pvt Ltd India 100.00

- Other Significant Accounting Policies

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

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

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

| Particulars | Number | Amount | (Rupees) | |
|---|-------------------|--------------------|---------------------|--------------------|
| | | | As at 31 March 2012 | |
| | | | Number | Amount |
| Authorised | | | | |
| 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 |
| Issued, Subscribed & Paid up | | | | |
| Redemable Cumulative Preference Shares of Rs 100/- each | - | - | - | - |
| Equity Shares of Rs 10/- each | 12,343,994 | 123,439,940 | 13,077,489 | 130,774,890 |
| Total | 12,343,994 | 123,439,940 | 13,077,489 | 130,774,890 |

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

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

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

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

C-B2. RESERVES AND SURPLUS

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

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

| Particulars | (Rupees) As at 31 March 2012 | | Particulars | (Rupees) As at 31 March 2012 | |
|---|------------------------------------|------------|---|------------------------------------|---------------|
| Secured | | | (b) Loans from Corporates | 975,852,148 | 751,636,219 |
| From banks (Secured by pledge of Fixed Deposit Receipts) | 78,655,882 | 40,474,724 | (Secured by pledge of own and third party securities) | | |
| Other Loans (Secured by hypothecation of vehicle) | 3,103,356 | 1,523,173 | (c) Vehicle Loans | 1,631,647 | 938,991 |
| | | | (Secured by hypothecation of vehicle) | | |
| | | | Unsecured | | |
| | | | Others | 1,650,000 | 1,650,000 |
| | | | Total | 1,839,910,349 | 1,301,346,275 |
| Total | 81,759,238 | 41,997,897 | | | |

C-B4. LONG TERM PROVISIONS

| Particulars | (Rupees) As at 31 March 2012 | | Particulars | (Rupees) As at 31 March 2012 | |
|--|------------------------------------|-----------|---|------------------------------------|-------------|
| Contingent Provision against standard assets | 5,301,609 | 3,175,949 | Trade Payables | | |
| Provision for Gratuity | 4,123,836 | 2,342,128 | (a) Trade Payables: Sundry Creditors | 404,832,661 | 577,347,238 |
| TOTAL | 9,425,445 | 5,518,077 | Total | 404,832,661 | 577,347,238 |

C-B5. SHORT TERM BORROWINGS

| Particulars | (Rupees) As at 31 March 2012 | | Particulars | (Rupees) As at 31 March 2012 | |
|--|------------------------------------|-------------|----------------------|------------------------------------|------------|
| Secured | | | (a) Statutory Dues | 10,984,884 | 9,282,388 |
| (a) From banks. | | | (b) Unpaid dividends | 4,401,745 | 4,387,987 |
| (Secured By pledge of Fixed Deposit Receipts and Securities) | 360,170,642 | 303,502,209 | (c) Other payables | 23,968,916 | 26,163,762 |
| (Secured By hypothecation of Debtors and pledge of FDR's & personal guarantee of Mr M V Doshi) | 500,605,912 | 243,618,856 | Total | 39,355,545 | 39,834,137 |

C- B8. SHORT TERM PROVISIONS

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

C- B9 FIXED ASSETS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
C-B10. NON CURRENT INVESTMENTS

| Particulars | (Rupees) | |
|--|---------------------|--------------------|
| Investments (Refer A below) | As at 31 March 2012 | |
| (a) Investment in Properties -- Office Premises | - | 248,750,000 |
| (b) Investment in Equity instruments | 129,933,619 | 137,197,440 |
| (c) Investments in preference shares | 9,365,954 | 9,365,954 |
| (d) Investments in debentures or bonds | - | - |
| (e) Investments in Mutual Funds | 1,014,735 | 1,014,735 |
| Total | 140,314,308 | 396,328,129 |
| Less : Provision for diminution in the value of quoted Investments | (5,197,477) | (2,378,047) |
| Total | 135,116,831 | 393,950,082 |

Note :

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

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

| Details of Investments in Securities | | | | | | | | |
|--------------------------------------|---|---------------------|-----------------------|---------------------|-------------------|--------------------------|---------------------|---------------------|
| Sr. No. | Name of the Body Corporate | Subsidiary / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | (Rupees) | |
| | | | As at 31 March 2013 | As at 31 March 2012 | | | As at 31 March 2013 | As at 31 March 2012 |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (10) | (11) |
| (a) | Investment in Equity Instruments | | | | | | | |
| | Tata Motors Ltd | Others | 40 | 40 | Quoted | Fully Paid | 3,061 | 3,061 |
| | Maharashtra Polybutane Ltd | Others | 300,000 | 300,000 | Quoted | Fully Paid | 666,189 | 666,189 |
| | JSW Steel Ltd | Others | 47 | 47 | Quoted | Fully Paid | 1,280 | 1,280 |
| | D S Kulkarni Developers Ltd | Others | 732 | 732 | Quoted | Fully Paid | 71,520 | 71,520 |
| | NHPC Ltd | Others | 131,910 | 131,910 | Quoted | Fully Paid | 3,050,198 | 3,050,198 |
| | Reliance Broadcast Network Ltd | Others | 700,000 | 700,000 | Quoted | Fully Paid | 44,389,127 | 44,389,127 |
| | Mercator Lines Limited | Others | 1,271,000 | 1,271,000 | Quoted | Fully Paid | 33,700,320 | 33,700,320 |
| | City Union Bank Limited | Others | 35,043 | 200,000 | Quoted | Fully Paid | 1,524,208 | 8,699,837 |
| | City Union Bank Limited- Rights | Others | 57,374 | - | Quoted | Partly Paid | 573,740 | - |
| | Manganese Ore India Limited | Others | 3,406 | 3,406 | Quoted | Fully Paid | 1,277,250 | 1,277,250 |
| | South Indian Bank Limited | Others | 1,000,000 | 1,000,000 | Quoted | Fully Paid | 20,647,019 | 20,647,019 |
| | Thomas Cook (India) Ltd | Others | 440 | 440 | Quoted | Fully Paid | 18,474 | 18,474 |
| | The Saraswat Co-op Bank Ltd. | Others | 1,005 | 1,005 | Unquoted | Fully Paid | 10,050 | 10,050 |
| | The Hindustan Times Ltd. | Others | 5,600 | 5,600 | Unquoted | Fully Paid | 1,256,500 | 1,256,500 |
| | LKP Holdings Pvt Ltd | Others | 7,600 | 7,600 | Unquoted | Fully Paid | 76,000 | 76,000 |
| | Gold Crest Finance (I) Ltd. | Others | 10,000 | 10,000 | Quoted | Fully Paid | 100,000 | 100,000 |
| | Infra Industries Ltd. | Others | 149,000 | 149,000 | Quoted | Fully Paid | 4,470,000 | 4,470,000 |
| | Axis IT & T Ltd. | Others | 500 | 500 | Quoted | Fully Paid | 40,500 | 40,500 |
| | ONGC Ltd. | Others | 72 | 72 | Quoted | Fully Paid | 36,000 | 36,000 |
| | Roopa Industries Ltd. | Others | 8,900 | 8,900 | Quoted | Fully Paid | 89,000 | 89,000 |
| | TCI Finance Ltd. | Others | 8,300 | 8,300 | Quoted | Fully Paid | 249,000 | 249,000 |
| | Geodesic Information Systems Ltd. | Others | 6,792 | 6,792 | Quoted | Fully Paid | 1,199,920 | 1,199,920 |
| | Reliance Power Ltd. | Others | 17,440 | 17,440 | Quoted | Fully Paid | 6,481,117 | 6,481,117 |
| | East India Hotels | Others | 37,000 | 37,000 | Quoted | Fully Paid | 3,072,290 | 3,072,290 |
| | L&T Finance Holding Ltd. | Others | - | 15,000 | Quoted | Fully Paid | - | 761,930 |
| | Gobind Sugar Ltd. | Others | 11,200 | 11,200 | Unquoted | Fully Paid | 1,785,000 | 1,785,000 |
| | Bombay Stock Exchange Ltd. | Others | 11,401 | 11,401 | Unquoted | Fully Paid | 1,754,877 | 1,754,877 |
| | TV 18 | Others | 5,000 | - | Quoted | Fully Paid | 100,000 | - |
| | Everlon Synthetics Ltd | Others | 14,000 | 14,000 | Quoted | Fully Paid | 140,000 | 140,000 |
| | Asian Electronics | Others | 10,000 | 10,000 | Quoted | Fully Paid | 265,900 | 265,900 |
| | Credit Capital Venture Ltd | Others | 1,000 | 1,000 | Quoted | Fully Paid | 49,043 | 49,043 |
| | D B Reality Ltd | Others | 1,500 | 1,500 | Quoted | Fully Paid | 236,222 | 236,222 |
| | Eros Media Ltd | Others | 500 | 500 | Quoted | Fully Paid | 99,884 | 99,884 |
| | IDBI Ltd | Others | 1,500 | 1,500 | Quoted | Fully Paid | 244,005 | 244,005 |
| | Idea Cellular Ltd | Others | 1,500 | 1,500 | Quoted | Fully Paid | 200,475 | 200,475 |
| | Indus Network Ltd | Others | 2,300 | 2,300 | Quoted | Fully Paid | 59,320 | 59,320 |
| | Ispat Industries Ltd | Others | 8,000 | 8,000 | Quoted | Fully Paid | 567,318 | 567,318 |
| | Kingfisher Airlines Ltd | Others | 5,600 | 5,600 | Quoted | Fully Paid | 271,963 | 271,963 |
| | MRPL | Others | 7,000 | 7,000 | Quoted | Fully Paid | 385,199 | 385,199 |
| | Power Grid Corporation Ltd | Others | 1,500 | 1,500 | Quoted | Fully Paid | 214,050 | 214,050 |
| | Sanghi Polyester Ltd | Others | 10,000 | 10,000 | Quoted | Fully Paid | 124,484 | 124,484 |
| | Srei Infrastructure Finance Ltd | Others | 500 | 500 | Quoted | Fully Paid | 43,408 | 43,408 |
| | Yes Bank Ltd | Others | 700 | 700 | Quoted | Fully Paid | 199,912 | 199,912 |
| | Edelweiss | Others | 1,000 | 1,000 | Quoted | Fully Paid | 36,596 | 36,596 |
| | MKM Shares & Stock Brokers Ltd | Others | 2,000 | 2,000 | Unquoted | Fully Paid | 6,200 | 6,200 |
| | Seaglimpse Investments Pvt Ltd | Others | 490 | 490 | Unquoted | Fully Paid | 49,000 | 49,000 |
| | Dean Finance & Investments Pvt Ltd | Others | 490 | 490 | Unquoted | Fully Paid | 49,000 | 49,000 |
| | Peak Plastonics Pvt Ltd | Others | 490 | 490 | Unquoted | Fully Paid | 49,000 | 49,000 |
| (b) | Investments in Mutual Funds | | | | | | | |
| | BenchMark Mutual Fund. | Others | 147,342 | 147,342,000 | Quoted | Fully Paid | 14,735 | 14,735 |
| | LIC Mutual Fund | Others | 100,000 | 100,000 | | Fully Paid | 1,000,000 | 1,000,000 |
| | Total | | | | | | 130,948,354 | 138,212,173 |

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

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

C-B12. TRADE RECEIVABLES

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

C-B13. CASH AND CASH EQUIVALENTS

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

C-B14 SHORT TERM LOANS AND ADVANCES

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

B15. INCOME FROM OPERATION

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

C-B16. OTHER INCOME

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

C-B17 EMPLOYEE BENEFITS EXPENSE

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

C-B18 OTHER EXPENSES

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

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

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

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

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

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

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

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

(ii) Transaction with related parties.

| | Subsidiary Company | Associate | Key Managerial Personnel | Total (Rs.in Lacs) |
|-------------------------------|--------------------|-----------|--------------------------|--------------------|
| Rent income | 7.44 | --- | --- | 7.44 |
| 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 8th February, 2011 issued by the Government of India, Ministry of Corporate Affairs, New Delhi, (Rs in lacs) :

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

4) Contingent Liabilities:

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

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

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

6) During the year the company has entered into Futures & Options contracts on the National Stock Exchange in the Equity Segment and on the Multi Commodity Exchange in the commodity segment. The open position as on 31.03.2013 is Rs 459.25 lacs (Previous Year Rs 1,774.15 lacs).

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

Important Communication to Members

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

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

Or

Send by e. mail to: Mr. Surendra V. Gawade - surendrag@adroitcorporate.com / Mr. Pratap Y. Pujare - 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

29th Annual General Meeting on Friday, 31st May 2013

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

No. of Shares held:.....

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

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 29th Annual General Meeting of the Company held at M. C. Ghia Hall, Hargovindas Building, 18/20, Kaikhuskru Dubash Marg, Mumbai - 400 001, at 11.00 a.m. on Friday, 31st May, 2013

Proxy's Name in Block Letters

Member's/Proxy's Signature

NOTES :

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



LKP Finance Limited

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

PROXY

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

No. of Shares held:.....

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

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

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

Signed

Affix 1 Re.
Revenue
Stamp

BOOK-POST



If undelivered, please return to :

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



LKP Finance Ltd.

112-A / 203, EMBASSY CENTRE, NARIMAN POINT, MUMBAI - 400 021.
TEL.: 4002 47 85 / 86 • FAX : 2287 47 87

To
The Listing Department
Bombay Stock Exchange Limited
P.J. Towers, Dalal Street, Mumbai – 400 001

Date: 29th April 2013

Dear Sir,

Sub : Submission of Annual Report for the Financial year 2012-13

**Ref : 1) Clause 31 of the Listing Agreement
2) BSE Scrip Code : 507912**

With regard to the captioned subject matter and reference quoted above and pursuant to Clause 31(a) of the Listing Agreement, we are submitting Six copies of Annual Report of the Company for the financial year 2012-13 along with Form A mentioned below:

| Sr. No. | Particulars | |
|---------|--|---|
| 1 | Name of the company | LKP Finance Limited |
| 2 | Annual financial statements for the year ended | 31 st March 2013 |
| 3 | Type of Audit observation | Unqualified / Matter of Emphasis |
| 4 | Frequency of observation | Whether appeared first time / repetitive / since how long period : Not applicable |

This is for your information and records.

For LKP Finance Limited

M. V. Doshi
Executive Chairman

S. S. Gulati
Head Corporate Affairs

Vineet N. Suchanti
Chairman of Audit Committee

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

A. D. Shenoy
Partner
Membership No. 11549

