

LKP Finance Limited



26TH ANNUAL REPORT 2009-2010

LKP FINANCE LIMITED

Board of Directors :

Mr. M. V. Doshi *Executive Chairman*

Mr. M. S. Bhise

Mr. V. N. Suchanti

Mr. Hariharan Padmanabhan

Mr. P. M. Doshi

Mr. Sayanta Basu

Company Secretary :

Mr. G. B. Innani

Auditors :

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

Registered Office :

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

Registrar & Shares Transfer Agent :

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

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*Annual General Meeting on Monday, 12th July 2010 at
11.00 a.m. at M. C. Ghia Hall, Hargovindas Building,
18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.*



DIRECTORS' REPORT

The Directors present the Twenty Sixth Annual Report and Audited Accounts of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS	2009 – 2010	2008 – 2009
	(Rs. in lacs)	(Rs. in lacs)
Profit / (Loss) before tax	2099.70	9267.54
Less/(Add): Provision for Tax & Fringe Benefit Tax	178.07	726.32
Profit / (Loss) after tax	1921.63	8541.22
Add: Previous year Items	16.94	---
Profit/(Loss) brought forward from previous year	3133.98	642.64
Amount available for appropriation	5072.55	9183.86
APPROPRIATIONS:		
Proposed Dividend	915.42	889.79
Tax on Dividend	155.58	151.22
Transfer to Capital Redemption Reserve Account	36.13	8.87
Transfer to General Reserve	200.00	5000.00
Transfer to Special Reserve Fund	2092.57	---
Balance carried to Balance Sheet	1672.85	3133.98

DIVIDEND

The Board of Directors are pleased to recommend a dividend @ Rs. 7/- per equity share of the Company for the financial year ended 31st March 2010. The total cash outflow on account of dividend & tax thereon Rs. 1,071.00 lacs.

PERFORMANCE REVIEW

The Company's total income decreased from Rs. 10,283.42 lacs to Rs. 3,612.25 lacs and profit after tax Rs.1,921.64 lacs from Rs. 8541.22 lacs in the previous year.

The figures of the year under review are not strictly comparable with those of the previous year. During the previous year, the Company had divested major portion of its holdings in the shares of Thomas Cook (India) Ltd. received pursuant to the merger of LKP Forex Limited with Thomas Cook (India) Limited by tendering them under the open offer announced by Thomas Cook (UK) Limited.

The efforts of the Fixed Income Market team to develop trading in debt papers and development of retail clients like PF/Pension/ Gratuity trust etc. has yielded good results.

The Company continues its efforts to generate non-fund based business. Also your Company continues to make all efforts to recover over-dues from the clients by negotiations or by resorting to legal recourse.

SHARE CAPITAL

In term of consent of the Members which was obtained by way of a special resolution passed on 22nd January 2009, as per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the buy-back of equity shares of the Company under Section 77A of the Companies Act, 1956, was commenced on February 24, 2009 and was closed with effect from July 17, 2009. The Company had bought-back and extinguished in aggregate 4,50,000 equity shares from the Open Market on the Bombay Stock Exchange Limited at an average price Rs. 77.70 per equity Share. The total amount expended in the buy back is Rs. 349.65 lacs, being 37% of the maximum authorized buy back amount.

On March 31, 2010 the Company has allotted 7,27,489 equity shares of Rs. 10/- each, at a premium of Rs. 110/- per share in full conversion of 7,27,489 11 % Compulsorily Convertible Debentures of Rs. 120/- each fully paid-up to Agrud Capital Pte. Ltd., Singapore, in term of Special Resolution dated 27th August 2009 passed by members through Postal Ballot.

The paid up equity share capital of the company as on March 31, 2010 stands at Rs. 13,07,74,890/- divided into 1,30,77,489 equity shares of Rs. 10/- each fully paid-up.

ESOP

With a view to motivating the employees of the Company and its subsidiary (LKP Securities Limited) by rewarding performance, retaining best talents and to enable them to participate in the future growth and success of the Company, the Board has considered it prudent to introduce 'Employees' Stock Option Scheme 2010' (ESOP). The said ESOP has been formulated in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. The said ESOP could give rise to the issue of equity shares not exceeding 9,05,000 equity shares of Rs. 10/- each at such price, in one or more tranches and on such terms and conditions, as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing from time to time. The consent of members for the said ESOP has been obtained by special resolutions passed on 17th March 2010, as per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The Compensation Committee has granted 5,99,500 Stock Options to the eligible employees in terms of the said Plan during the financial year 2010-2011.

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 reported improved results. LKP Securities Ltd. has expanded its geographical reach and now has 414 outlets across 147 cities in India.

During the year under review M/s Gayatri Cement and Chemical Industries Pvt. Ltd. became Wholly Owned Subsidiary of the Company.

Pursuant to Section 212 of the Companies Act, 1956, the relevant Statement along with the Directors Report and the Audited Statement of Accounts of subsidiaries of the Company are appended to this report.

STATUTORY DISCLOSURE

The Particulars of Employees falling within the scope of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all shareholders of the Company excluding the above Statement. Any shareholder interested in obtaining a copy of the said Statement may write to the Company at its Registered Office.

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 is no foreign exchange earnings



during the year under report. The detail of outgo is mentioned in point no. 10 of Notes to Accounts under Schedule 16.

DIRECTORS

Mr. Mahendra V. Doshi retires by rotation and being eligible offers himself for reappointment. Mr. Mahendra V. Doshi is re-appointed with revised remuneration as an Executive Chairman of the Company for a period of 5 years with effect from April 1, 2009 by a Special Resolution passed by members through postal ballot on March 17, 2010.

At the Board Meeting held on October 26, 2009, Mr. Hariharan Padmanabhan and Mr. Pratik M. Doshi were appointed as additional Directors on the Board. Resolutions for their re-appointment as Directors are placed in the Notice for consideration of the members. The Directors recommend these Resolutions for acceptance.

Mr. Sayanta Basu is appointed on October 26, 2009 as a Nominee Director on the Board by the strategic equity investor Agrud Capital Pte. Ltd., Singapore.

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 28, 2010

(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	31.3.2010	31.3.2010
3. Date from which the Company became a subsidiary.	1.4.95	31.3.2010
4. Extent of Holding Company's interest in the subsidiary Company's Shareholding (in %)	97.69	100
	<u>Rs in Lacs</u>	<u>Rs in Lacs</u>
5. Net aggregate amount of the Subsidiary's profits after deducting its losses or vice versa so far it concerns members of the Holding Company.		
- Profits /Losses not dealt with in the Holding Company Accounts		
a. for the financial year of the subsidiary	130.55	(27.77)
b. for the previous financial years since it became the Holding Company's Subsidiary	630.65	0.00
Profits dealt with or (Losses) provided for in the holding Company Accounts.		
a. for the financial year of the Subsidiary	--	--
b. for the previous financial years since it became the holding Company's subsidiary	--	--

For and on behalf of the Board of Directors

Mumbai
Date: April 28, 2010

(M. V. Doshi)
Executive Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

Financial year 2009-10 marks a partial recovery year which came on the heels of the depression that had gripped the markets in 2008-09. The possibility of a recovery after a bleak 2008-09 is attributable to the massive stimuli announced by countries worldwide to minimize the impact of the depression and get their economies back on track, though the results are not as yet so significant and the economies of some of the European countries are still under doldrums.

The movements of the stock markets impact your company being an Investment Company. The Indian stock market is up 110% from the lows it made in March 2009, though reported earnings growth is still moderate, and reforms are moving more slowly than expected. 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. India was among the top three performing markets globally in 2009-10 and is expected to hold its position in the coming year also. Investments are back in the country and there is a flood of IPO's in the market. However, global sentiments continue to affect the markets.

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.

The Company is one of the reputed broking houses of the country, having a network of 414 outlets across India. The Company is empanelled with most of the reputed domestic financial institutions including life and non insurance companies, mutual funds, foreign financial institutions and corporates, apart from having large number of HNI and retail clients. The likely increase in capital mobilisation from the primary market, increase in resource mobilisation by mutual funds, phenomenal growth in secondary market volumes, introduction of new products like mini derivative contracts & Securities Lending & Borrowing Scheme, introduction of new instruments in the F & O segment, trading in Mutual Funds through exchanges etc. provide significant business opportunities for the Company. The Indian Capital Market has a very high growth potential. The macroeconomic fundamentals are sound to allow the economy to make rapid strides. Economic expansion will result in greater disposable incomes and larger number of investors. There is a significant growth opportunity for subsidiary Company in this scenario.

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 outlook for the Company's business, depend on the performance of the Stock Markets, which is very difficult to comment upon. The stock markets, which had seen a sharp fall in the year 2008-2009, rose back to ~17,500 levels by 2009-10. If the growth continues we can look forward to a good year.

The political stability is essential to restore the confidence of Investors and FIIs which would result in substantial increase in the volume of business in stock markets.

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 in branches and head office. 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 Company had made a preferential issue of 7,27,489 11% Compulsorily Convertible Debentures of Rs. 120/- each aggregating to Rs. 8,72,98,680/- during the year to Agrud Capital Pte. Ltd., Singapore. The said 7,27,489 debentures have been converted in 7,27,489 equity shares of Rs. 10/- each at a premium Rs.110/- per share.

The Company has bought-back from the Open Market on the Bombay Stock Exchange Limited further 361,263 equity shares in 2009-10 in continuation of its buyback announcement made in 2008-09 which have been extinguished till March 31, 2010.

The paid up equity share capital of the Company as on March 31, 2010 stands at Rs. 130,774,890 divided into 13,077,489 equity shares of Rs. 10/- each fully paid up.

Reserve and Surplus

The Reserves and Surplus increased from Rs. 10,956.32 lacs to Rs. 12,553.12 lacs. The upfront payment of Rs. 194 lacs received upon allotment of 10 lac warrants was forfeited during the year and transferred to the Capital Reserve.

Investments

The total investment increased to Rs. 7,352.20 lacs as at March 31, 2010 against Rs. 6,288.73 lacs at the end of the previous year.

Loan

Secured loan decreased to Rs. 1,732.91 lacs from Rs. 5,323.64 lacs. .

Total Income

During the year under consideration total income was Rs. 3,612.25 lacs as against Rs. 10,283.42 lacs in the previous year.

Other Income

During the year under consideration other income was Rs. 435.70 lacs as against Rs. 72.01 lacs in the previous year.

Interest and Finance Charges

During the year under consideration total interest and finance charges were Rs. 623.12 lacs as against Rs.334.20 lacs in the previous year.

Provision for Tax

During the year under consideration the provision for tax, was Rs. 178.01 lacs as against Rs. 727.32 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 2010 the Company had 59 employees.

The Company believes in sharing based on performance & potential. Hence the company has approved ESOP for its Key Employees in recognition of their performance and as a measure of retention.

LKP Securities Ltd. places significant importance to its human capital. As on 31st March 2010 there are 396 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 28, 2010

(M. V. Doshi)

Executive Chairman



REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

The LKP Group to which the Company belongs is committed to ethical values and self discipline through standards of good governance aiming at efficient conduct of the business in 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 2010 are as follows:

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

The Board has accordingly optimum combination of Executive and Non-Executive Directors and Independent and Non-Independent Directors. 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.

Attendance at Board Meetings and last Annual General Meeting.

Directors	No. of Board Meetings Attended	Whether Attended last AGM
1. Mr. M. V. Doshi	5	Yes
2. Mr. Milan S. Bhise	4	Yes
3. Mr. Vineet N. Suchanti	5	Yes
4. *Mr. Hariharan Padmanabhan	2	Not Applicable
5. *Mr. Pratik M. Doshi	2	Not Applicable
6. *Mr. Sayanta Basu	2	Not Applicable

(* Appointed w.e.f. October 26, 2009)

Other Board or Committee in which each Director is a member or chairman

Name of Director	Directorship in other companies	No of committees in which Chairman / Member
Mr. M. V. Doshi	9	1
Mr. Milan S. Bhise	--	--
Mr. Vineet N. Suchanti	9	--
Mr. Hariharan Padmanabhan	1	--
Mr. Pratik M. Doshi	5	--
Mr. Sayanta Basu	2	--

Profile of Director being Re-appointed:

Name	Mr. Mahendra V. Doshi	Mr. Hariharan Padmanabhan	Mr. Pratik M. Doshi
Age	61 Years	57 Years	29 Years
Date of Appointment	5 th May 1984	26 th October 2009	26 th October 2009
Qualification	MBA – U. S. A.	B.Tech-IIT Kanpur PGDM-IIM Calcutta	B. A. In Economics-UK

Expertise Mr. Mahendra V. Doshi is the promoter of the Company and is associated with Company since inception. He was appointed as Executive Chairman w.e.f. 26th July, 2001. He has over 33 years vast experience in the field of Finance, Capital Market and Business Administration. Mr. M. V. Doshi retires by rotation at the ensuing Annual General Meeting and is proposed to be re-appointed as the Director of the Company.

Mr. Hariharan Padmanabhan is a serial entrepreneur, Foreign Exchange, a global Stock Market and Commodity Market. level executive, mentor and angel investor.

Other Directorships	1. Nilkamal Ltd.	Prime Focus Ltd.	1. MKM Share and Stock Brokers Ltd.
	2. Graviss Hospitality Limited		2. Bhavana Holdings Pvt. Ltd.
	3. LKP Securities Ltd.		3. LKP Holdings Pvt. Ltd.
	4. MKM Share and Stock Brokers Ltd.		4. SolarEx P V Solutions Pvt. Ltd.
	5. Bhavana Holdings Pvt. Ltd.		5. Alpha Commodity Pvt. Ltd.
	6. LKP Holdings Pvt. Ltd.		
	7. Peak Plastonics Pvt. Ltd.		
	8. Sea Glimpse Investment Pvt. Ltd.		
	9. SolarEx P V Solution Pvt. Ltd.		
Chairman / Member of Committee of the Board of the Companies on which he is a Director as on 28th April 2010.	LKP Finance Ltd.	Nil	Nil
	i. Share Transfer Committee-Chairman		
	ii. Compensation Committee -Chairman		
	iii. Audit Committee-Member		
	Graviss Hospitality Limited		
	i. Audit Committee - Chairman		
	ii. Shareholders & Investors Grievance Committee – Member		
	Nilkamal Ltd.		
	i. Audit Committee – Member		
	ii. Remuneration Committee - Member		

Board Meeting

In financial year 2009-2010, the Board met five times. The Board meetings were held on 5th May 2009, 27th July 2009, 5th September 2009, 26th October 2009 and 21st January 2010.

3 Audit Committee

The Board has set up Audit Committee having two Independent Directors Mr. Milan S. Bhise and Mr. Vineet N. Suchanti. 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 5th May 2009, 27th July 2009, 26th October 2009 and 21st January 2010. All the members have attended the aforesaid meetings. The Statutory Auditors were the invitees to the above meetings. The scope of activities and powers of Audit Committee includes the areas prescribed under the 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. 96.65 lacs towards remuneration (details of which are provided in Schedule 16 of the Notes to Accounts) to Mr. Mahendra V. Doshi, Executive Chairman of the Company pursuant to the special resolution passed by members through postal ballot on March 17, 2010. At present, Independent Directors are not paid any remuneration.

Professional Fees to Director

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

Sitting Fees paid to Directors for attending Board Meetings

1. Mr. Milan S. Bhise	Rs. 20,000/-
2. Mr. Vineet N. Suchanti	Rs. 25,000/-
3. Mr. Hariharan Padmanabhan	Rs. 10,000/-
4. Mr. Pratik M. Doshi	Rs. 10,000/-
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, Company Secretary of the Company is compliance officer. During the year 23 shareholders' complaints were received. 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 Secretarial Audit for the Company.

6. Buy-Back Committee

To implement the process of buy-back of equity shares of the Company under Sections 77A, 77AA, 77B and all other applicable provisions of the Companies Act, 1956 and in compliance with the requirements of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 the Board of Directors in their meeting held on 15th December 2008, constituted Buy-Back Committee of Directors consisting Mr. M. V. Doshi and Mr. Milan S. Bhise as the Members of said Committee. The said Committee was dissolved on 20th July 2009 after the completion of bought back and extinguishment of 4,50,000 equity shares of the Company.

7. Compensation Committee

The Board of Directors in their meeting held on 26th October 2009, 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 Plan 2010' (ESOP).

The said Committee is entrusted with the authority and power to formulate the detail terms and conditions of the ESOP including the matters as stated in Clause 5 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

8. General Body Meetings

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

Financial Year	Day	Date	Time
2008-2009	Tuesday	2 nd June 2009	10.30 a.m.
2007-2008	Saturday	9 th August, 2008	10.30 a.m.
2006-2007	Monday	6 th August, 2007	10.30 a.m.

Location:

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

Business

Year	Special Resolution passed.
2008-2009	No Special resolution passed.
2007-2008	To approve Change of Name of the Company as LKP Finance Limited.
2006-2007	To approve the payment of Remuneration to Shri M. V. Doshi, Executive Chairman.

During the last year the following business had been conducted through postal ballot and for which Special Resolutions were passed.

1. Postal Ballot Notice dated July 27, 2009.

Pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 in respect to create, offer, issue and allot in one or more tranches, on preferential allotment basis, not exceeding 7,27,500 (Seven Lacs Twenty Seven Thousand Five Hundred only) 11 % Compulsorily Convertible Debenture of Rs. 120/- each fully paid-up to be converted in to one number of equity share of the Company of Rs. 10/- each, at a premium of Rs. 110/- per share, within a period not earlier than 6 (Six) months but not exceeding 18 (Eighteen) months from the date of issue of such Debentures, to Agrud Capital Pte. Limited, Singapore (Strategic Investor).

Details of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received	54	78,63,763	--
b)	Less: Invalid Postal Ballot Forms	3	210	--
c)	Net Valid Postal Ballot Forms	51	78,63,553	100.000
d)	Postal Ballot Forms with assent for the Special Resolution	48	78,63,153	99.995
e)	Postal Ballot Forms with dissent for the Special Resolution	3	400	0.005

2. Postal Ballot Notice dated January 21, 2010.

1. Alteration in the Other Objects Clause of the Memorandum of Association.

To alter the Other Objects Clause i.e. III C, of the Memorandum of Association of the Company by inserting the following new clause 45 after the existing clause 44 :

"45. To carry on business of trading in commodities and commodity derivatives / spot through any Commodity Exchange/s."

Details of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	3	329	--
e)	Net Valid Postal Ballot Forms	138	6906756	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	135	6906306	99.993
g)	Postal Ballot Forms with dissent for the Special Resolution	3	450	0.007



LKP Finance Limited

2. To Commence and carry on all or any of the new business and activities as amended above.

Details of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	3	15968	--
e)	Net Valid Postal Ballot Forms	138	6891117	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890567	99.992
g)	Postal Ballot Forms with dissent for the Special Resolution	4	550	0.008

3. (a) Pursuant to the provisions of Section 81(1A) read with Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to approve Employees' Stock Option Scheme 2010 of the Company which could give rise not exceeding 9,05,000 equity shares of Rs. 10/- each.

Details of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	2	15943	--
e)	Net Valid Postal Ballot Forms	139	6891142	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890367	99.989
g)	Postal Ballot Forms with dissent for the Special Resolution	6	775	0.011

- (b) To approve grant of options under Employees' Stock Option Scheme 2010 to eligible employees of the Subsidiary Company within overall limit as mentioned in (a) above.

Details of voting pattern:

S r. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--

c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	2	15948	--
e)	Net Valid Postal Ballot Forms	139	6891137	100.00
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890487	99.991
g)	Postal Ballot Forms with dissent for the Special Resolution	5	650	0.009

- (c) To approval of grant of options not exceeding 3,90,000, under Employees' Stock Option Scheme 2010 to Identified Eligible Employee within overall limit as mentioned in (a) above.

Details of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	3	15968	--
e)	Net Valid Postal Ballot Forms	138	6891117	100.00
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890567	99.992
g)	Postal Ballot Forms with dissent for the Special Resolution	4	550	0.008

4. Re-appointment of Mr. Mahendra V. Doshi as an Executive Chairman of the Company with revised remuneration.

Details of voting pattern:

S r. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	2	15963	--
e)	Net Valid Postal Ballot Forms	139	6891122	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	133	6890267	99.988
g)	Postal Ballot Forms with dissent for the Special Resolution	6	855	0.012



LKP Finance Limited

5. Payment of Professional Fees to Mr. Sayanta Basu a Non Executive Director of the Company.

Details of voting pattern:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Votes cast
a)	Total Postal Ballot Forms received and scrutinized	145	6925932	--
b)	Less: Invalid Postal Ballot Forms	4	18847	--
c)	Total valid Postal Ballot Forms received and scrutinized	141	6907085	--
d)	Less: Postal Ballot Forms received not voted	3	15968	--
e)	Net Valid Postal Ballot Forms	138	6891117	100.000
f)	Postal Ballot Forms with assent for the Special Resolution	134	6890567	99.988
g)	Postal Ballot Forms with dissent for the Special Resolution	4	550	0.012

Mr. Nishant Jawasa, Proprietor of M/s Nishant Jawasa & Associates, Practicing Company Secretary, Mumbai, had acted as scrutinizer for conducting the postal ballot exercise.

The Company had adopted the procedure for postal ballot as prescribed in Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

The results of the voting by Postal Ballot were announced on August 27, 2009 and March 17, 2010 respectively, at 5.00 p.m. at the Registered Office of the Company at 203, Embassy Centre, Nariman Point, Mumbai - 400 021, and were also intimated to Bombay Stock Exchange Limited.

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

9. Disclosure

- There are no related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives other than that mentioned in notes to the accounts. 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 Exchanges 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.

10. Means of Communication

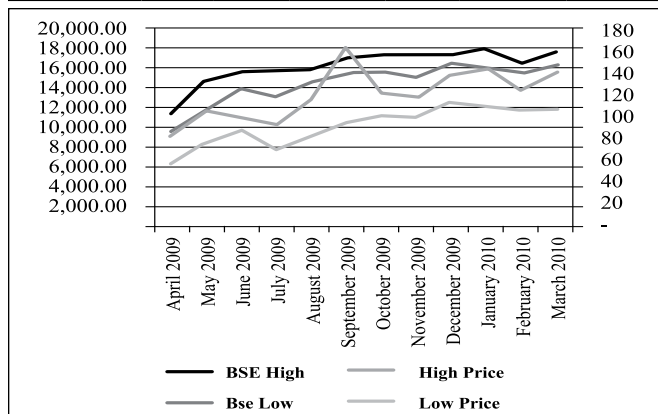
- The financial results of all four quarters were published in The Financial Express and Mumbai Lakshyadeep dailies. These were not sent individually to the shareholders.
- The Company's results or official news are not displayed on a web site. There were no presentations made to the institutional investors 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	Monday, 12 th July 2010 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 - Last week of July 2 nd Quarter - Last week of October 3 rd Quarter - Last week of January 4 th Quarter - Last week of June
Book Closure	July 5, 2010 to July 12, 2010 (both days inclusive)
Dividend payment date	On or after July 13, 2010
Listing on Stock Exchange	The Stock Exchange, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1 st April 2010 to 31 st March 2011. 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
April 09	82.70	57.00	1,97,134	406	11,492.10	9,546.29
May 09	105.00	77.10	1,43,121	936	14,930.54	11,621.30
June 09	98.00	87.00	1,12,584	413	15,600.30	14,016.95
July 09	92.90	70.00	1,00,144	293	15,732.81	13,219.99
August 09	114.00	80.00	1,14,286	788	16,002.46	14,684.45
September 09	164.10	94.00	18,96,348	16,443	17,142.52	15,356.72
October 09	121.00	100.00	5,32,250	5,453	17,493.17	15,805.20
November 09	117.80	100.50	2,35,788	2,325	17,290.48	15,330.56
December 09	137.80	113.25	3,36,358	4,070	17,530.94	16,577.78
January 10	142.30	110.10	2,96,234	3,298	17,790.33	15,982.08
February 10	122.40	105.00	1,20,763	1,122	16,669.25	15,651.99
March 10	140.00	106.50	7,69,173	1,942	17,793.01	16,438.45





LKP Finance Limited

Registrar and Share Transfer Agent

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 Bombay Stock Exchange Limited compulsorily in the dematerialized form. However, all requests received for transfer of shares in physical form are processed by the Registrar and Transfer Agents and are approved by Share Transfer Committee, which normally meets twice in a month. The Share Transfers are registered and returned within period of 22 days from the date of lodgment, if documents are complete in all respect.

Distribution of shareholding as on 31st March 2010

Shares slab	Share Holders	%	Total Shares	Amount (Rs.)	%
UPTO - 500	5431	88.01	752432	7524320	5.75
501 - 1000	335	5.43	260703	2607030	1.99
1001 - 2000	181	2.93	273124	2731240	2.09
2001 - 3000	64	1.04	163598	1635980	1.25
3001 - 4000	28	0.45	99934	999340	0.76
4001 - 5000	24	0.39	109843	1098430	0.84
5001 -10000	44	0.71	281365	2813650	2.15
10001 & Above	64	1.04	11136490	111364900	85.16
Total :	6171	100.00	13077489	130774890	100 .00

Share holding pattern as on 31st March 2010

Category	No. of shares held	% of share holding
1 Indian Promoters/ Persons acting in concert	70,45,277	53.87
2 Mutual Funds and UTI	1,400	00.01
3 Banks, Financial Institutions and Insurance Companies	2,750	00.02
4 FIIs	4,59,164	03.51
5 Private Corporate Bodies	23,91,697	18.29
6 Indian Public	22,16,501	16.96
7 Foreign Corporate Bodies	7,27,489	5.56
8 NRIs / OCBs	2,33,211	1.78
Total	1,30,77,489	100.00

Dematerialization of equity Shares and liquidity

As on 31st March 2010, 90.42 % of the Company's total shares represented by 1,18,24,407 shares were held in dematerialized form.

Out standing GDR/Warrants/Convertible Instruments

In terms of special resolution passed in Extra-Ordinary General Meeting of the members held 4th February, 2008 and SEBI Guidelines for Preferential Issues as stated at Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, the Company had issued and allotted on 25th February 2008, 10,00,000 (Ten Lacs) warrants to the promoters group.

The said warrants holder had not exercised their right to apply for and seek allotment of equity shares within the stipulated period of 18 months from the date of issue of the said warrants. Accordingly the right of the warrant holders had expired. The said 10 lac warrants stand cancelled and the Board of Directors of the Company had forfeited the upfront payment of Rs. 1.94 Cr. received upon allotment in respect of the said warrants.

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 28, 2010

(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, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement, except that appointment of at least one common independent director of the

holding Company on the Board of subsidiaries of the Company as required under sub-clause i of the item at paragraph III of Clause 49 of the Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are pending/un-addressed by the Company as on 28th April, 2010, 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

Place: Mumbai
Date: April 28, 2010

Membership No. 11549