

# **LKP Finance Limited**



**29<sup>TH</sup> 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, 31<sup>st</sup> 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: 29<sup>th</sup> 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.

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

**DIVIDEND**

The Board of Directors are pleased to recommend a dividend @ Rs.2/- per equity share of the Company for the financial year ended 31<sup>st</sup> March 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 29<sup>th</sup> 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 8<sup>th</sup> February, 2011 issued by Government of India, Ministry of Corporate Affairs, the required financial information in the consolidated balance sheet is given in respect of Company's subsidiaries i.e. LKP Securities Limited and Gayatri Cement and Chemical Industries Private Limited.

The annual accounts of the aforesaid subsidiaries and the related detailed information shall be made available to shareholders of the Company and 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

	<b>Scheme Name: Employees Stock Option Scheme 2010</b>	<b>Granted on April 21, 2010</b>	<b>Granted on October 12, 2010</b>	<b>Granted on October 18, 2010</b>	<b>Granted on December 15, 2010</b>	<b>Granted on March 31, 2011</b>	<b>Granted on June 26, 2012</b>
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-needed 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 31<sup>st</sup> March 2013 the Company had 40 employees.

LKP Securities Ltd. places significant importance to its human capital. As on 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2013, namely on 24<sup>th</sup> April 2012, 29<sup>th</sup> May 2012, 20<sup>th</sup> July 2012, 29<sup>th</sup> October 2012, and 30<sup>th</sup> 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 31<sup>st</sup> 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 <sup>th</sup> July, 2001	26 <sup>th</sup> 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 <sup>th</sup> 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 24<sup>th</sup> April 2012, 19<sup>th</sup> July 2012, 29<sup>th</sup> October 2012 and 30<sup>th</sup> January 2013. All the members have attended the aforesaid meetings except at the meeting dated 19<sup>th</sup> 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 29<sup>th</sup> 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 <sup>th</sup> May, 2012	11.00 a. m.
2010-2011	Friday	10 <sup>th</sup> June, 2011	10.30 a. m.
2009-2010	Monday	12 <sup>th</sup> July, 2010	11.00 a. m.

**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.lkpssec.com](http://www.lkpssec.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.

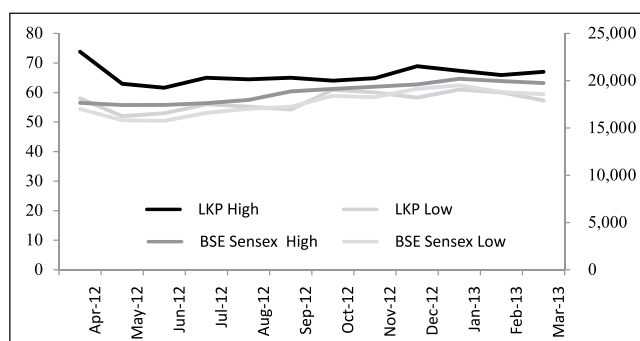
**11. General Shareholder Information**

AGM Date, Time and Venue	Friday, 31 <sup>st</sup> 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 <sup>st</sup> Quarter - Second week of August 2 <sup>nd</sup> Quarter - First week of November 3 <sup>rd</sup> Quarter - First week of February 4 <sup>th</sup> 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 <sup>st</sup> April 2013 to 31 <sup>st</sup> 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	No. of	BSE Sensex	
			Shares	Trades	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, 1<sup>st</sup> Floor,  
 Makawana Road, Marol Naka,  
 Andheri ( East), Mumbai 400 059.  
 Tel. No.022- 28590942

**Share Transfer System**

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