

LKP Finance Limited



32ND ANNUAL REPORT 2015-2016

Board of Directors : DIN

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

Company Secretary :

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

Auditors :

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

Registered Office :

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

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

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

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

NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

By Order of the Board of Directors

Mumbai
Date: 2nd May, 2016

(M. V. Doshi)
Executive Chairman

IMPORTANT NOTES:

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

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

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

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

11. Unclaimed/Unpaid Dividend:

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

12. Voting Options:-

Voting through electronic means

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The company has also received declarations from Mr. Sajid Mohamed

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

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

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

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

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

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

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

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

Item No. 6

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

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board of Directors

Mumbai
 Date: 2nd May 2016

(M. V. Doshi)
 Executive Chairman

DIRECTORS' REPORT

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

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

DIVIDEND

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

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

PERFORMANCE REVIEW

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

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

SCHEME OF DEMERGER

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

EMPLOYEES STOCK OPTION SCHEME

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

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

FIXED DEPOSITS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

SUBSIDIARIES

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

As per the Circular No. 51/12/2007-CL-III dated 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, LKP Wealth Advisory Private Limited and Gayatri Cement and Chemical Industries Private Limited, in Form AOC 2 annexed in Annual Report.

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

DIRECTORS

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

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

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

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

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

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

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

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

Board Evaluation

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

Remuneration Policy

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

Meetings

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

AUDITORS' REPORT

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

SECRETARIAL AUDIT

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

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

EXTRACT OF ANNUAL RETURN

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

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

RELATED PARTY TRANSACTIONS

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

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

CODE OF CONDUCT:

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

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

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

PREVENTION OF INSIDER TRADING

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

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Mumbai
Date: 2nd May, 2016

(M. V. Doshi)
Executive Chairman