

LKP SECURITIES LIMITED  
Balance Sheet as at 31st March, 2014

( Amount in Rupees)

Particulars		Note No.	As at 31 March 2014	As at 31 March 2013
1		2	3	4
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a) Share Capital	B1	342,482,000	222,482,000	
(b) Reserves and Surplus	B2	-35,343,309	13,379,479	
<b>2 Share application money pending allotment</b>				
<b>3 Non-current liabilities</b>				
(a) Long Term Borrowings	B3	-	663,346	
(b) Deferred tax liabilities (Net)		-	-	
(c) Other Long Term Liabilities	B4	20,360,032	23,522,217	
(d) Long Term Provisions	B5	5,273,836	4,123,836	
<b>4 Current liabilities</b>				
(a) Short Term Borrowings	B6	363,046,787	502,237,559	
(b) Trade Payables		489,940,905	372,755,673	
(c) Other Current Liabilities	B7	7,337,179	5,800,312	
(d) Short Term Provisions		-	-	
<b>TOTAL</b>			<b>1,193,097,432</b>	<b>1,144,964,421</b>
<b>II. ASSETS</b>				
<b>Non-current assets</b>				
<b>1 (a) Fixed Assets</b>				
(i) Tangible assets	B8	58,230,045	59,954,104	
(ii) Intangible assets		20,261,323	6,065,585	
(iii) Capital work-in-progress		-	-	
(iv) Intangible assets under development		-	-	
(b) Non Current Investments	B9	20,385,094	20,385,094	
(c) Deferred Tax Assets (Net)		27,738,308	13,089,982	
(d) Long Term Loans and Advances	B10	71,214,709	77,916,607	
(e) Other Non Current Assets	B11	16,497,581	14,547,547	
<b>2 Current assets</b>				
(a) Current Investments		-	-	
(b) Inventories		-	-	
(c) Trade Receivables	B12	730,156,258	716,876,777	
(d) Cash and Cash Equivalents	B13	162,274,135	182,875,908	
(e) Short Term Loans and Advances	B14	77,099,555	47,536,187	
(f) Other Current Assets	B15	9,240,423	5,716,630	
<b>TOTAL</b>			<b>1,193,097,432</b>	<b>1,144,964,421</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants  
Firm registration number : 102860W

A.D.Shenoy  
Partner  
Membership No.11549

Place : Mumbai  
Date : 09 May 2014



For and on behalf of the board of directors of  
LKP Securities Limited

Director: M. V. Doshi

Director: D. K. Waghela



## LKP SECURITIES LIMITED

Statement of Profit and loss for the year ended 31st March, 2014

( Amount in Rupees)

Particulars	Refer Note No.	As at 31 March 2014	As at 31 March 2013
I. Revenue from Operations	B16	378,897,528	419,814,690
II. Other Income	B17	19,766,138	22,210,883
III. Total Revenue (I + II)		398,663,666	442,025,573
IV. Expenses:			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
Employee Benefits Expense	B18	186,019,410	163,916,563
Finance Costs	B19	24,660,559	66,070,498
Depreciation and amortization expense		16,019,378	16,888,811
Other Expenses	B20	235,335,431	226,994,121
Total expenses		462,034,779	473,869,994
V. Profit/ (Loss) before exceptional and extraordinary items and tax (III-IV)		(63,371,112)	(31,844,421)
VI. Exceptional items		-	-
VII. Profit/ (Loss) before extraordinary items and tax (V - VI)		(63,371,112)	(31,844,421)
VIII. Extraordinary Items		-	-
IX. Profit/ (Loss) before tax (VII- VIII)		(63,371,112)	(31,844,421)
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(14,648,325)	77,931
Profit /(Loss) for the period from continuing operations (IX-X)		(48,722,787)	(31,922,352)
XII Profit/ (Loss) for the period		(48,722,787)	(31,922,352)
XIII Earnings per equity share:			
(1) Basic		-1.86	-1.22
(2) Diluted		-1.86	-1.22

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Ford, Rhodes, Parks &amp; Co.

Chartered Accountants

Firm registration number : 102860W

A.D. Shenoy  
Partner

Membership No. 11549

Place : Mumbai

Date : 09 May 2014

For and on behalf of the board of directors of  
LKP Securities Limited

Director: M. V. Doshi

Director: D. K. Waghela



## Cash Flow Statement for the Year Ended 31 March, 2014

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
	Rs. In lacs	Rs. In lacs
<b>A. Cash flow from Operating activities :</b>		
Net Profit / (Loss) before tax and Extraordinary items and Interest	(38,710,553)	34,226,077
Adjustments for :		
Depreciation	16,019,378	16,888,811
Profit / Loss on sale of assets	94,902	(63,117)
Interest / Dividend Received / Misc	(13,224,804)	(18,591,366)
(Profit) / Loss on Sale of Investment	-	(436,705)
	2,889,476	(2,202,376)
Operating Profit before Working capital changes	(35,821,077)	32,023,701
Adjustments for :		
Inventories	(31,217,621)	103,396,783
Trade and other receivables	116,709,916	(195,432,015)
Trade and other payables	85,492,295	(92,035,232)
Cash generated from operations	49,671,218	(60,011,531)
Interest & Bank Charges paid	(24,660,559)	(66,070,498)
Direct taxes paid	(10,397,158)	(1,920,775)
Cash flow before extraordinary items	14,613,501	(128,002,804)
<b>Net cash from operating activities</b>	14,613,501	(128,002,804)
<b>B. Cash flow from Investing Activities</b>		
Purchase of fixed assets	(28,695,711)	(7,735,079)
Sale of fixed assets	109,750	1,203,360
Purchase of investments	-	(100,000)
Sale of investments	-	1,198,635
Interest received	13,108,495	18,480,244
Dividend received	116,309	111,122
<b>Net cash from investing activities</b>	(15,361,156)	13,158,282
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of share capital	120,000,000	-
Increase in borrowing	(139,854,117)	140,781,750
<b>Net cash from financing activities</b>	(19,854,117)	140,781,750
Net increase / (decrease) in cash and cash equivalents	(20,601,773)	25,937,228
Cash and cash equivalents (opening)	182,875,908	156,938,680
Cash and cash equivalents (closing)	162,274,135	182,875,908

As per our report of even date

For Ford, Rhodes, Parks &amp; Co.

Chartered Accountants

Firm registration number : 102860W

A.D. Shenoy

Partner

Membership no. 11549

Place : Mumbai

Date : 09 May 2014

For and on behalf of the board of directors of  
LKP Securities Limited

Director: M. V. Doshi

Director: D. K. Waghela



# LKP Securities Ltd

## Notes to Financial Statement for the year ended 31st March, 2014

### A. Significant Accounting Policies

1. Basis of Accounting: The financial accounts have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The financial statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006, as amended, notified by the Central Government, in terms of section 211 (3C) of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The financial statements have been prepared under Revised Schedule VI notified by the Central Government.

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

3. Revenue Recognition : Revenue is recognized when there is reasonable certainty of its ultimate realization / collection.

a) Brokerage Income (net of service tax)

- i) on fixed deposit is accounted on completion of the transaction.
- ii) on primary market subscription - mobilisation is accounted on the basis of intimation received by the Company.
- iii) on secondary market transaction is recognised on the date of the transaction.

b) Interest Income is accounted on accrual basis.

c) Incentive on primary market subscription - mobilisation is accounted on the basis of intimation received by the Company.

d) Depository Fees (net of service tax)

- i) Transaction fees are recognised on completion of the transaction.
- ii) Account maintenance charges are recognised on time basis over the period of the contract.

4. Fixed Assets: All fixed assets are stated at cost inclusive of legal and / or installation and incidental expenses less accumulated depreciation.

5. Depreciation / Amortisation: The company provides depreciation on written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

As regards improvement to leasehold properties, the same is amortised equally over the period of lease.

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



# LKP Securities Ltd

7. Operating Lease: Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments / receipts are recognised as an expense / income in the statement of profit and loss on a straight line basis over the lease term.

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

Stock in trade represents shares & securities held for sale generally within one year and is classified as current assets. Year end stock of shares & securities are valued at lower of cost or market values. Profit or loss is accounted as and when realised and is charge to the statement of profit & loss.

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

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

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

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

10. a) Current Tax: Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.

b) Deferred Tax: In Accordance with Accounting Standard 22- "Accounting for Taxes on Income" , the deferred tax for timing difference is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

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

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

b) Contingent Assets are neither recognized nor disclosed.



B1 Share Capital

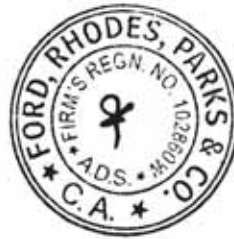
<u>Particulars</u>	As at 31 March 2014		As at 31 March 2013	
	Number	Rs.	Number	Rs.
<b>Authorised</b>				
9% Redemable Preference Shares of Rs. 100/- each	2,900,000	290,000,000	2,000,000	200,000,000
Equity Shares of Rs. 2/- each	30,000,000	60,000,000	60,000,000	120,000,000
<b>Issued, Subscribed &amp; Paid up</b>				
9% Redemable Preference Shares of Rs. 100/- each	2,900,000	290,000,000	1,700,000	170,000,000
Equity Shares of Rs. 2/- each	26,241,000	52,482,000	26,241,000	52,482,000
<b>Total</b>	<b>29,141,000</b>	<b>342,482,000</b>	<b>27,941,000</b>	<b>222,482,000</b>

Particulars	Equity Shares		Preference Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	26,241,000	52,482,000	1,700,000	170,000,000
Shares issued during the year	-	-	1,200,000	120,000,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	26,241,000	52,482,000	2,900,000	290,000,000



B2 Reserves and Surplus

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
a. Surplus		
Opening balance	13,379,479	45,301,831
(+) Net Profit/(Net Loss) For the current year	(48,722,787)	(31,922,352)
(+) Transfer from Reserves		-
(-) Proposed Dividends		-
(-) Interim Dividends		-
(-) Transfer to Reserves		-
Closing Balance	(35,343,309)	13,379,479



B3 Long Term Borrowings

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
<u>Secured</u>		
(a) Other loans and advances		
Vehicle Loan	-	663,346
(Secured By hypothecation of Vehicles)		
Terms of Repayment <u>36 Months</u>		
<b>Total</b>	-	<b>663,346</b>





B4 Other Long Term Liabilities

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
(a) Others Security Deposit from Sub Broker	20,360,032	23,522,217
<b>Total</b>	<b>20,360,032</b>	<b>23,522,217</b>



B5 Long Term Provisions

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
(a) Provision for employee benefits Gratuity	5,273,836	4,123,836
Total	5,273,836	4,123,836



B6 Short Term Borrowings

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
<u>Secured</u>		
(a) Loans repayable on demand from banks (Secured By hypothecation of Debtors and pledge of FDRs & Personal Guarantee of a Director)	362,133,041	500,605,912
(b) Other loans and advances Vehicle Loan (Secured By hypothecation of Vehicles)	913,747	1,631,647
<b>Total</b>	<b>363,046,787</b>	<b>502,237,559</b>



B7 Other Current Liabilities

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
(a) Other payables		
Statutory Dues	7,337,179	5,800,312
<b>Total</b>	<b>7,337,179</b>	<b>5,800,312</b>



Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 April 2013	Additions	Disposals	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	On disposals	Balance as at 31 March 2014	Balance as at 1 April 2014	Balance as at 1 March 2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>a</b>										
Tangible Assets										
Furniture and Fixtures	38,900,000	1,344,112	68,500	40,175,612	28,059,936	2,113,251	51,228	30,121,959	10,053,654	10,840,064
Computers	55,032,762	2,734,510	709,320	57,057,952	48,969,323	2,880,553	694,756	51,155,119	5,902,833	6,063,439
Electrical Fittings	1,403,583	-	-	1,403,583	837,076	80,405	-	917,481	486,102	566,507
Leasehold Improvement	7,011,790	2,043,157	-	9,054,947	3,383,477	797,567	-	4,181,044	4,873,903	3,628,313
Leasehold Improvement (HO)	7,867,333	359,692	-	8,227,025	1,045,519	918,113	-	1,963,632	6,263,393	6,821,814
Vehicles	14,602,189	2,806,202	-	17,408,391	8,222,535	1,803,205	-	10,025,740	7,382,651	6,379,654
Office equipment	63,267,514	1,464,541	541,090	64,190,965	37,613,201	3,678,526	368,272	40,923,455	23,267,510	25,654,313
<b>Total</b>	<b>188,085,171</b>	<b>10,752,214</b>	<b>1,318,910</b>	<b>197,518,475</b>	<b>128,131,067</b>	<b>12,271,620</b>	<b>1,114,256</b>	<b>139,288,430</b>	<b>58,230,045</b>	<b>59,954,104</b>
<b>b</b>										
Intangible Assets										
Goodwill	-	17,125,795	-	17,125,795	34,863,007	1,141,720	-	1,141,720	15,984,075	-
Computer software	40,928,592	817,701	-	41,746,293	34,863,007	2,606,039	-	37,469,045	4,277,248	6,065,585
<b>Total</b>	<b>40,928,592</b>	<b>17,943,496</b>	<b>-</b>	<b>58,872,088</b>	<b>34,863,007</b>	<b>3,747,759</b>	<b>-</b>	<b>38,610,765</b>	<b>20,261,323</b>	<b>6,065,585</b>



**B9 Non Current Investments**

	Particulars	As at 31 March 2014	As at 31 March 2013
		Rs.	Rs.
<b>A</b>	<b>Trade Investments (Refer A below)</b>		
	(a) Investment Properties		
	(b) Investment in Equity instruments	19,385,094	19,385,094
	(c) Investments in preference shares		
	(d) Investments in Government or Trust securities		
	(e) Investments in debentures or bonds		
	(f) Investments in Mutual Funds	1,000,000	1,000,000
	(g) Investments in partnership firms*		
	(h) Other non-current investments (specify nature)		
	<b>Total</b>	<b>20,385,094</b>	<b>20,385,094</b>

Particulars	2014	2013
	Rs.	Rs.
Aggregate amount of quoted investments (Market value of Rs.9390174/- (Previous Year Rs.5396534/-)	16,845,217	16,845,217
Aggregate amount of unquoted investments (Previous Year Rs.3539877/-)	3,539,877	3,539,877



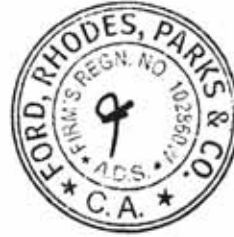
B10 Long Term Loans and Advances

Particulars	As at 31 March 2014		As at 31 March 2013	
	Rs.	Rs.	Rs.	Rs.
<b>a. Security Deposits</b>				
Secured, considered good	-	-	-	
Unsecured, considered good	70,088,822	70,088,822	77,916,607	77,916,607
Doubtful	-	-	-	
Less: Provision for doubtful deposits	-	-	-	
<b>b. Other loans and advances (specify nature) - Staff Loan</b>				
Secured, considered good	-	-	-	
Unsecured, considered good	1,125,887	1,125,887		
Doubtful				
Less: Provision for doubtful				
		71,214,709		77,916,607



B11 Other Non Current Assets

Particulars	As at 31 March 2014		As at 31 March 2013	
	Rs.	Rs.	Rs.	Rs.
a. Long term trade receivables (including trade receivables on deferred credit terms)				
Secured, considered good	0		0	
Unsecured, considered good	16,497,581		14,547,547	
Doubtful	34,715,000		20,715,000	
Less: Provision for doubtful debts	<u>34,715,000</u>	16,497,581	<u>20,715,000</u>	14,547,547
		16,497,581		14,547,547





B12 Trade Receivables

<u>Particulars</u>	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	730,156,258	716,876,777
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
<b>Total</b>	<b>730,156,258</b>	<b>716,876,777</b>



B13 Cash and Cash Equivalents

<u>Particulars</u>	As at 31 March 2014		As at 31 March 2013	
	Rs.	Rs.	Rs.	Rs.
a. Balances with banks				
Current Account	31,410,296		53,395,404	
Bank deposits with less than 12 months maturity	122,731,892		103,957,601	
Bank deposits with more than 12 months maturity	8,072,340	162,214,529	25,400,000	182,753,005
b. Cash on hand		59,606		122,903
		162,274,135		182,875,908



B14 Short Term Loans and Advances

<u>Particulars</u>	As at 31 March 2014		As at 31 March 2013	
	Rs.	Rs.	Rs.	Rs.
a. Others (specify nature)				
Unsecured, considered good		77,099,555		47,536,187
Deposits	21,830,500		0	
Loans & Advances	3,371,752		4,855,677	
Staff Loan	3,400,636		4,977,266	
Advance Tax (Net of Provisions)	40,682,481		30,285,324	
Advance Recoverable in Cash or Kind	1,685,003		1,147,129	
Balance with Clearing Member	1,797,735		1,000,246	
Prepaid Expenses	4,331,447		5,270,544	
		77,099,555		47,536,187



B15 Other Current Assets

<u>Particulars</u>	As at 31 March 2014		As at 31 March 2013	
	Rs.	Rs.	Rs.	Rs.
Interest Accrued on Fixed Deposits	4,491,064		1,431,521	
Accrued Brokerage Income	4,749,359		4,285,108	
		9,240,423		5,716,630



B16 Revenue from Operations

<u>Particulars</u>	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
Brokerage Income	366,990,583	417,221,995
Profit on Sale of Securities	11,906,946	2,592,695
<b>Total</b>	<b>378,897,528</b>	<b>419,814,690</b>



B17 Other Income

<u>Particulars</u>	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
<u>Interest</u>		
Interest on Fixed Deposit	12,199,206	18,480,244
Other	909,289	-
Dividend Income	116,309	111,122
Profit on Sale of Fixed Assets	-	63,117
Other Income	6,541,334	3,556,400
<b>Total</b>	<b>19,766,138</b>	<b>22,210,883</b>



B18 Employee Benefits Expense

<u>Particulars</u>	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
(a) Salaries and incentives	173,201,464	153,440,540
(b) Contributions to - Provident fund & ESIC	4,753,629	4,448,746
(c) Gratuity (Including Contribution of Rs.34,62,018/-)	4,612,018	3,378,048
(d) Staff welfare expenses	3,452,298	2,649,229
<b>Total</b>	<b>186,019,410</b>	<b>163,916,563</b>



B19 Finance Costs

<u>Particulars</u>	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
Interest expense	20,159,972	63,038,164
Bank Charges	4,500,587	3,032,335
<b>Total</b>	<b>24,660,559</b>	<b>66,070,498</b>

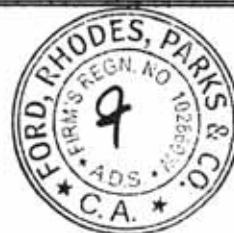




B20 Other Expenses

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
Commission	123,201,355	120,609,730
Advertisement Exps	604,131	204,537
Business Promotion and entertainment	2,486,960	2,004,549
Books & Periodicals	85,679	82,550
Computer Expense	4,170,080	5,115,729
Conveyance	1,898,318	1,610,255
Demat & CDSL Expenses	2,974,178	2,813,997
Donation	-	15,000
Electricity Expenses	7,393,259	6,341,153
Company law expenses	214,500	-
Loss on sale of assets	94,904	-
Insurance	86,516	209,962
Motor Car Expenses	1,310,534	1,319,931
Office Expenses	1,109,688	806,412
Postage and Courier expenses	1,958,164	3,086,927
Printing & Stationery	1,724,061	5,037,155
Profession Tax	2,500	5,000
Professional and Legal Charges	10,549,179	6,773,408
Rent , Rates & Taxes	27,599,806	26,025,553
Service tax , stamp duty and transaction charges paid	1,461,891	1,159,963
Audit Fees	273,900	264,000
Repairs & Maintenance	3,909,592	3,940,305
Franking charges	569,753	751,473
Vsat Charges	7,405	1,544,907
SEBI Fees	337,289	803,893
Stock Exchange Expenses	2,349,291	419,663
Seminars and conference	1,291,262	600,888
Subscription & Membership Fees	3,085,152	2,525,654
Telephone and Mobile expenses	15,725,259	13,971,292
Travelling (Domestic and Foreign)	3,480,530	4,261,617
Operational loss	527,019	381,434
Provision for Doubtful debts	14,000,000	14,250,000
Sundry balances written off	853,278	57,184
<b>Total</b>	<b>235,335,431</b>	<b>226,994,121</b>

Payments to the auditor as	For the year ended 31 March 2014	For the year ended 31 March 2013
	Rs.	Rs.
a. Audit fee	200,000	200,000
b. Tax audit fee	20,000	20,000
c. for taxation matters		
d. for company law matters		
e. for management services		
f. for other services (Certification fees)	53,900	44,000
g. for reimbursement of expenses		
<b>Total</b>	<b>273,900</b>	<b>264,000</b>



# LKP Securities Ltd

## C. General Notes to the Accounts

### 1) Preference Dividend

In view of losses, during the year, the company has not provided dividend on non - cumulative preference shares amounting to Rs.1,55,07,123/- (Previous Year Rs.1,53,00,000/-)

### 2) Contingent Liabilities

a) Total Bank Guarantee issued on behalf of company as at 31st March 2014 is Rs.29,35,00,000/- (Previous Year Rs.29,35,00,000/-)

b) Claims not acknowledged as Debts in respect of disputed income tax demands where company has filed a rectification request with the Asst. Commissioner of Income Tax Circle 4 (3) Mumbai and is pending for Rs.11,80,090/-

### 3) Gratuity

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

#### I) Reconciliation of opening and Closing balance of the present value of the obligation

	31.03.2014	31.03.2013
	Rs.	Rs.
a) Present Value of obligation at the beginning of the year	11,993,093	5,595,358
b) Current Service Cost	1,391,962	939,855
c) Interest Cost	959,447	447,629
d) Benefits Paid	(3,238,699)	(482,522)
e) Actuarial (Gain)/Loss	2,518,376	(1,278,616)
f) Present Value of the obligation at the end of the year	13,624,179	5,221,704

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

	31.03.2014	31.03.2013
	Rs.	Rs.
a) Fair Value of Plan Assets at the beginning of the year	7,976,848	222,593
b) Expected return of plan Assets	702,913	10,603
c) Contributions	3,273,031	377,364
d) Benefits Paid	(3,238,699)	(482,522)
e) Actuarial (Gain)/Loss on plan assets	-	-
f) Fair Value of the Plan Assets at the end of the year	8,714,093	128,038

#### III) Reconciliation of present value in 'I' above and the fair value of plan Assets in 'II' above

	31.03.2014	31.03.2013
	Rs.	Rs.
a) Present Value of obligation as at the end of the year	13,624,179	5,221,704
b) Fair Value of Plan Assets at the beginning of the year	8,714,093	128,038
c) Excess of Fair Value of Plan Asset over Present Value of Obligation	(4,910,086)	(5,093,666)

#### IV) Expenses Charged to Profit & Loss Account

	31.03.2014	31.03.2013
	Rs.	Rs.
a) Expenses Charged to Profit & Loss Account	4,612,018	3,378,048

### 4) Provision for Taxation :

In view of losses incurred during the year no provision for Income tax has been made.



# LKP Securities Ltd

## 5) Deferred Tax Asset

	As at 31.03.2014 Rs.	For the year Rs.	As at 31.03.2013 Rs.
Written Down Value Differential	(3,831,190)	(2,427,944)	(1,403,246)
Brought Forward Losses	29,939,882	16,720,919	13,218,964
Disallowed Gratuity	1,629,615	355,350	1,274,265
	<u>27,738,308</u>	<u>14,648,325</u>	<u>13,089,983</u>

The deferred tax for the year has been calculated taking into account current year losses, depreciation differential and section 43B disallowance. The management is of the view that deferred tax asset will be set off against future profits and there is virtual certainty of the setoff.

## 6) Remuneration to Whole time Directors

Particulars	2013-14	2012-13
	Rs.	Rs.
1 Salary	3,951,240	4,029,209
2 Contribution to Provident Fund	18,720	18,720
	<u>3,969,960</u>	<u>4,047,929</u>

7) The amounts shown against Long term receivable Long term loans and advances is considered as good and recoverable by the management.

## 8) Earnings per share:

	2013-14	2012-13
Net Profit after Taxation	(48,722,787)	(31,922,352)
No. of Equity shares	26,241,000	26,241,000
Basic & Diluted earning per Share	(1.86)	(1.22)

9) **Goodwill** : During the year the Company has acquired the retail broking business excluding liabilities of a Company consisting of movable assets (computers and furniture) and intangible assets (goodwill) for a total consideration of Rs.1,80,00,000(One crore eighty lakhs only). The company intends to write off the goodwill over a period of 10 years. However the goodwill will be tested for impairment at the end of each financial year.

10) As per the Accounting Standards 18, issued by the Institute of Chartered Accountants of India, disclosures regarding related parties as defined in the Accounting Standards are given below:

i) List of Related Parties along with the nature of related party relationships.

Name of the Related Party	Relationship
LKP Finance Limited	Holding Company
Sea Glimpse Investments Pvt Ltd	Director Interested
Bhavna Holdings Limited	Director Interested
Prasam Trading And Finance Pvt. Ltd.	Director Interested
M/s L.K.Panday	Director Interested
Mr. M.V. Doshi	Key Management Personnel
Mr. Dinesh Waghela	Key Management Personnel
Mr. Pratik Doshi	Key Management Personnel
Gayatri Cements & Chemical Industries Ltd	Fellow Subsidiary



# LKP Securities Ltd

## ii) Transactions with Related Parties

Particulars	Holding Company	Key Management Personnel	Fellow Subsidiary
Rent Expense	200,000	-	
Directors Remuneration		3,969,960	
Brokerage Income	1,748,167		
Issue of Preference Share			120,000,000

11) The aggregate value of quoted investments as at 31st March 2014 is Rs.1,68,45,217/- (Previous year Rs.1,68,45,217/-) Market value of quoted investment as at 31st March 2014 is Rs.93,90,174/- (Previous year Rs.53,96,534/-)

All Investments are long term investments.

No provision for diminution in market value as compared to cost of quoted investments is made during the year as the management is of the view that diminution in market value is of temporary nature.

## 12) Expenditure in Foreign Currency

Particulars	2013-14	2012-13
Foreign Travelling	484,300	549,472

13) (a) The Company has taken various offices, residential and godown premises under operating lease or leave and license agreements. These are generally cancellable in nature and range between 11 months to 108 months.

(b) Rent payments are recognised in the Statement of Profit and Loss under the head ' Rent, Rates and Taxes' in Schedule B20

(c) The future minimum lease payments under non-cancellable operating lease - not later than one year is Rs.64,39,926/- (Previous Year Rs.58,82,652/-) and later than one year but not later than five year is Rs.NIL (Previous Year Rs.NIL)

14) Securities received from Client as collateral for margin are held by the Company in its own name in a fiduciary capacity. Value as on 31st March 2014 is Rs.28,57,55,000/-

15) Tax Deducted at Source on Income : Rs.1,00,80,551/- (Previous Year Rs.65,06,071/-)

16) As per the information available with the Company as at 31st March 2014, the data in respect of Micro Small & Medium Enterprises that are covered under the Micro Small & Medium Enterprises Development Act, 2006 are not available. Hence, details regarding principal amount and interest paid/due thereon is not given.

17) There are no dues to Small Scale Industries and Investor Education and Protection Fund as at 31st March 2014 (Previous Year: Nil)

As per our report of even date  
For Ford, Rhodes, Parks & Co.  
Chartered Accountants

Firm registration number : 102860W



A.D. Shenoy  
Partner  
Membership no.11549

Place : Mumbai  
Date : 09 May 2014



For and on behalf of the board of directors of  
LKP Securities Limited

Director:   
M. V. Doshi

Director:   
D. K. Waghela



**FORD, RHODES, PARKS & CO.**  
CHARTERED ACCOUNTANTS

SAI COMMERCIAL BUILDING  
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BKS DEVSHI MARG  
GOVANDI (EAST)  
MUMBAI-400 088

TELEPHONE : (91) 22 67979819  
              : (91) 22 67979823  
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**Independent Auditor's Report  
to the members of LKP Securities Limited**

**Report on the Financial Statements for the year ended 31<sup>st</sup> March, 2014**

We have audited the accompanying financial statements of LKP Securities Limited ("the Company") which comprise the balance sheet as at 31<sup>st</sup> March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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



## **FORD, RHODES, PARKS & CO.**

used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

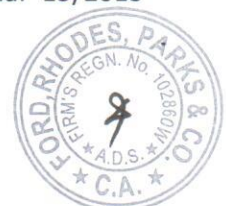
- i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- ii. in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- iv. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013



**FORD, RHODES, PARKS & CO.**

dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

- v. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm Registration No.102860W



A.D. Shenoy

Partner

Membership No.11549



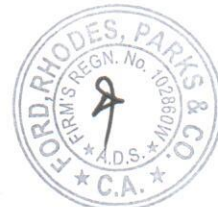
Place: Mumbai

Date: 9<sup>th</sup> May, 2014

Annexure to the Auditors' Report

[Referred to in paragraph pertaining to "Report on Other Legal and Regulatory Requirement" of our Report of even date to the members of LKP Securities Limited on the financial statements for the year ended 31<sup>st</sup> March, 2014]

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
b) Fixed Assets have been physically verified by the management during the year. As explained to us no discrepancies were noticed on such verification.  
c) In our opinion and according to the information and explanations given to us a substantial part of Fixed Assets has not been disposed off by the Company during the year.
2. The Company does not have any stock of raw materials , stores, spare parts, finished goods and therefore clause ii (a), (b), (c) (of the Order) are not applicable.
3. The company has neither granted nor taken loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for providing services. During the course of our audit, we have neither come across not have we been informed of any major weakness in the aforesaid internal control procedures in respect of these areas.
5. a) On the basis of our examination of the books of account and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered in the said register.  
b) In our opinion and according to the information and explanations given to us there are no transactions aggregating in value during the year to more than 5 lakh rupees with parties referred to in the aforesaid register.
6. The company has not accepted any deposits from the public within the meaning of the provision of Section 58A and 58 AA of the Act.
7. The company has an internal audit system, which, in our opinion, is commensurate with its size and nature of its business.
8. The Company is a Stock and Debt Broking Company hence clause (viii) of the Order is not applicable.
9. a) According to the information and explanations given to us by the Management and on the basis of the examination of the books of account carried out by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State





## FORD, RHODES, PARKS & CO.

Insurance, Income Tax, Sales Tax, and the statutory dues with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us by the Management and the records of the company examined by us there were disputes with Income Tax Authorities, except demand for Rs 11,80,090/-. The Company has filed rectification application with the Assistant Commissioner of Income Tax Circle 4(3) Mumbai.

10. The Company has accumulated losses as at 31<sup>st</sup> March, 2014 . The Company has incurred losses during the current financial year and also in the immediately preceding financial year.
11. Based on our audit procedures and the information and explanations given to us by the Management, the Company has not taken any loan from Financial Institutions and has not issued Debenture. Hence the question of company defaulting in repayment to Financial Institutions and Debenture holders does not arise
12. As per the books and records of the company examined by us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause (xiii) of the Order as amended is not applicable as the company is not a Chit Fund company or nidhi / mutual benefit fund /society.
14. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the company in its own name.
15. According to the information given to us and managements representation the Company has not given guarantee for the loans taken by others from banks or Financial Institutions during the year.
16. The company has availed term loans for purchase of vehicle. The outstanding balance as at 31<sup>st</sup> March 2014 is Rs. 9,13,747/-.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
18. The Company has made preferential allotment of preference shares to a fellow subsidiary amounting to Rs 12 Crores. covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year and therefore paragraph 4(ix) of the Order is not applicable..
20. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Order is not applicable.



**FORD, RHODES, PARKS & CO.**

21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of the audit.

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



A.D. Shenoy  
Partner  
Membership No.11549



Place: Mumbai  
Date: 9<sup>th</sup> May, 2014