



LKP Finance Ltd.

Regd. Off.: 112 - A / 203, Embassy Centre, Nariman Point, Mumbai - 400 021.
Tel.: 4002 4785 / 86 • Fax : 2287 4787 • Website : www.lkpsec.com
CIN : L65990MH1984PLC032831

19/06/2019

To,
Dy. Manager
Dept. of Corporate Services
B S E Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai 400 001

Dear Sir,

Scrip code: 507912

Sub.: Notice, Annual Report and Attendance Slip/Proxy Form for 35th Annual General Meeting to Shareholders to be held on July 05, 2019.

This is in reference to the captioned subject and our earlier intimation dated May 02, 2019, 35th Annual General Meeting of the Company scheduled to be held on July 05, 2019. Further, please note that, in accordance with the compliance with Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Company has dispatched Notice, Annual Report and Attendance Slip/Proxy Form to their shareholders through electronic and physical mode.

Further, to notify the Stock Exchange and disseminate the same information to shareholders through public domain, herewith we are enclosing the same as per captioned subject.

Yours Faithfully

For LKP Finance Limited

Girish Innani

Gen. Manager (legal)&
Company Secretary

Enclosed:

1. Notice
2. Annual General Meeting
3. Attendance Slip/Proxy Form



LKP Finance Limited



35TH ANNUAL REPORT 2018-2019

Board of Directors :	DIN
Shri Mahendra V. Doshi <i>Executive Chairman</i>	00123243
Shri Vineet N. Suchanti	00004031
Shri Sajid Mohamed	06878433
Shri Pratik M. Doshi	00131122
Shri Sayanta Basu (upto 7.12.2018)	02128110
Smt. Anjali Suresh	02545317
Shri Amitabh Chaturvedi (w.e.f. 7.12.2018)	00057441

Company Secretary :

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

Auditors :

MGB & Co LLP
Chartered Accountants
Peninsula Business Park,
Tower B, 19th Floor,
Lower Parel,
Mumbai - 400 013.

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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**35th Annual General Meeting on Friday, 5th July, 2019
at 10.00 a.m. at M. C. Ghia Hall, Hargovindas Building,
18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.**

NOTICE

NOTICE is hereby given that the Thirty Fifth 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 5th July, 2019 at 10.00 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, 2019 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To confirm interim dividend declared and paid by the Board of Directors as final dividend on equity shares.
3. To appoint a Director in place of Mr. Pratik M. Doshi (holding DIN 00131122), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. MGB & Co. LLP, Chartered Accountants, Firm Reg. No. 101169W/W100035 as statutory auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

5. To Consider and if thought fit to pass the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Vineet Suchanti (holding DIN 00004031), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation”.

By Order of the Board of Directors

(Girish B. Innani)

General Manager (Legal) &
Company Secretary

Mumbai
Date: 02nd May 2019

IMPORTANT NOTES:

1. The profile of the Directors seeking re-appointment, 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, 1st July, 2019 to Friday 5th July, 2019 (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.
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/Direct: +91 (0)22 42270426 | Fax: +91 (0)22 28503748
sandeeph@adroitcorporate.com | www.adroitcorporate.com

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 2012 remaining unclaimed shall become due for transfer on August 2, 2019 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 2012 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 July 15, 2019 for dividend of F.Y.2011-2012. 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 1st July 2019 (9:00 am) and ends on 4th July 2019 (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 29th June 2019 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:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

1. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical

Your User ID is:

- a) For Members who hold shares in demat account with NSDL.
8 Character DP ID followed by 8 Digit Client ID
For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
- b) For Members who hold shares in demat account with CDSL.
16 Digit Beneficiary ID
For example if your Beneficiary ID is 12***** then your user ID is 12*****.
- c) For Members holding shares in Physical Form.
EVEN Number followed by Folio Number registered with the company
For example if folio number is 001*** and EVEN is 110743 then user ID is 101456001***
2. Your password details are given below:
- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. The password to open the .pdf file is your 8 digit client ID

for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
3. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
[Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
4. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
5. Now, you will have to click on "Login" button.
6. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to lkpfinancescrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.

In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

- VI. 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 29th June, 2019.

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. 29th June, 2019, 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?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- VII. 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.
- VIII. 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.
- IX. 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.
- X. 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.
- XI. 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 forty eight hours 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.

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.

Brief Profile / Disclosure Relating to Directors Re-appointed pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings:

Name	Mr. Pratik M. Doshi	Mr. Vineet Suchanti
DIN	00131122	00004031
Date of Birth / Age	01/12/1980 38 Years	26/07/1969 49 Years
Date of First Appointment	26 th October 2009	26 th July, 2001
Qualification	B. A. In Economics-UK.	MBA from University of Rochester
Expertise in Specific Functional Areas	Extensive experience of 15 years in the field of Foreign Exchange, Stock Market and Commodity Market.	Vast experience and expertise in the field of Finance, Capital Markets and Business.
Other Directorships	<ol style="list-style-type: none"> 1. LKP Securities Ltd. (Managing Director) 2. MKM Share and Stock Brokers Ltd. 3. Bhavana Holdings Pvt. Ltd. 4. LKP Wealth Advisory Ltd. 5. Alpha Commodity Pvt. Ltd. 6. SolarEx P V Solution Pvt. Ltd. 7. Peak Plastonics Pvt. Ltd. 8. Astro Sports Pvt. Ltd. 9. Astro Sports Promotion Pvt.Ltd. 	<ol style="list-style-type: none"> 1. Keynote Financial Services Limited (formerly known as Keynote Corporate Services Limited) 2. Keynote Capitals Limited 3. Keynote Commodities Limited 4. Keynote Fincorp Limited 5. Phoenix Finance Consultancy FZC 6. Phoenix Holdings & Advisory Pte. Ltd.
Chairman / Member of Committee of the Board of the Companies on which he/she is a Director	<ol style="list-style-type: none"> A. LKP Securities Ltd. <ol style="list-style-type: none"> i. Audit Committee-Member ii. Stakeholders Relationship Committee- Member iii. Share Transfer Committee – Chairman iv. CSR Committee- Member B. LKP Finance Limited <ol style="list-style-type: none"> i. CSR Committee- Member ii. Nomination and Remuneration Committee- Member 	<ol style="list-style-type: none"> A. Keynote Capitals Ltd. <ol style="list-style-type: none"> i. Audit Committee-Member ii. Nomination and remuneration Committee - Member B. Keynote Financial Services Limited (formerly known as Keynote Corporate Services Limited) <ol style="list-style-type: none"> i. Stakeholders Relationship Committee- Chairman ii. Nomination and Remuneration Committee- Member iii. Management committee- Chairman C. LKP Finance Limited <ol style="list-style-type: none"> i. Audit Committee - Chairman, ii. Nomination and Remuneration Committee - Chairman iii. Stakeholder Relationship Committee-Member iv. Share Transfer Committee- Member v. CSR Committee- Member
Shareholding in the Company	1,00,722 Equity Shares (0.80%)	Nil
Relationship with any Director(s) of the Company	Son of Mr. Mahendra V. Doshi	None

THE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5: Re-appointment of Mr. Vineet Suchanti as an Independent Non-Executive Director.

Mr. Vineet Suchanti was appointed as an Independent Non-Executive Director of the Company by the members at the 30th AGM of the Company held on 10th June, 2014 for a period of five consecutive years upto 31st March, 2019.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Vineet Suchanti, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 1st April, 2019 upto 31st March, 2024

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

Copy of the draft letter for appointment of Mr. Vineet Suchanti as an Independent Non-Executive Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vineet Suchanti as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Vineet Suchanti as an Independent Director for another term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024, for the approval by the shareholders of the Company.

Except Mr. Vineet Suchanti, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice of the AGM. Mr. Vineet Suchanti is not related to any Director of the Company.

By Order of the Board of Directors

Mumbai
Date: 02nd May 2019

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

DIRECTORS' REPORT

The Directors present the Thirty Fifth Annual Report and Audited Accounts of the Company for the year ended March 31, 2019.

FINANCIAL RESULTS	2018 – 2019	2017 – 2018
	(Rs. in lacs)	(Rs. in lacs)
Profit before tax	2978.87	2103.62
Less: Tax expense for the year	633.00	350.00
Earlier Years	-82.43	--
Deferred Tax	10.29	-08.22
MAT credit entitlement	--	209.64
Profit after tax	2418.01	1971.48
Profit brought forward from previous year	2886.49	1309.31
Amount available for appropriation	5304.50	3280.79
APPROPRIATIONS:		
Transfer to Special Reserve Fund	483.60	394.30
Dividend Paid- Final for 2017-2018	251.37	--
Dividend -Interim	377.06	--
Tax on Dividend	128.70	--
Balance carried to Balance Sheet	4063.77	2886.49

DIVIDEND

The Company paid an interim dividend during the financial year ended 31st March, 2019, Rs. 3/- per equity share (30%) on the equity share capital in February 2019, amounting to Rs. 3,77,05,869/- (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, 2019.

PERFORMANCE REVIEW

The Company's revenue from operation decreased to Rs. 1277.61 lacs from Rs. 7631.53 lacs whereas Other Income increased to Rs. 3188.10 lacs from 238.09 lacs. Profit after tax increased to Rs. 2418.02 lacs from Rs. 1971.48 lacs in the previous year.

EMPLOYEES STOCK OPTION - SHARE CAPITAL

Pursuant to Employees Stock Option Scheme 2010, the Company has allotted 1,47,100 equity shares during the year. Consequence to allotment of aforesaid shares Company's paid-up Share Capital is increased to Rs. 12,56, 86,230/- divided in to 1,25,68,623 equity shares of Rs. 10/- each.

The Scheme was administered by the Nomination and Remuneration Committee of the Board of Directors. 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. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

SUBSIDIARY

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. Gayatri Cement and Chemical Industries Private Limited, in Form AOC 1 annexed in Annual Report as "Annexure B".

The annual accounts of the aforesaid subsidiary and the related detailed information shall be made available to shareholders of the Company, seeking such information at any point of time. The annual accounts of the subsidiary company 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. Pratik M. Doshi retires by rotation and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

Pursuant to section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking re-appointment of Mr. Vineet N. Suchanti as Independent Directors for five consecutive years for a second term upto 31st March 2024. Detail of the proposal for re-appointment of Mr. Vineet N. Suchanti are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 35th Annual General Meeting.

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.

During the year with effect from 7th December 2018, Mr. Sayanta Basu has resigned from the Board of Directors of the Company. Board of Directors wish to place on record their sincere appreciation for valuable contribution to the Board during his tenure as the Director of the Company. The Board appointed Mr. Amitabh Chaturvedi as a Nominee Director on behalf of Dakshin Mercantile Private Limited with effect from 7th December 2018.

The information on the particulars of the Directors proposed for 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 seven Board Meetings and four 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, 2019 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.

STATUTORY AUDITORS:

M/s. MGB & Co. LLP, Chartered Accountants Firm Reg. No. 101169W/W100035, 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 C".

The Board of Directors affirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board, its Committees and the General Meetings.

EXTRACT OF ANNUAL RETURN

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The company has contributed funds for the promotion of education and 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 E".

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 F'.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the Notes to the Financial Statement.

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 behavior, 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 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 as amended from time to time 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 Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Annexed as "Annexure G".

In terms of first proviso to Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of Section 197 of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the annexure pertaining to the names and other particulars of employees is available for inspection at the Registered Office of the Company during the business hours on working days of the Company

up to the date of the ensuing AGM. Any shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer in this regard.

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.

MATERIAL EVENT

During the year under review a Share Purchase Agreement was Signed between the Promoters (as Seller) and Dakshin Mercantile Private Limited (as Acquirer-Essel Group) to acquire from Promoters minimum 69,82,434 (55.55%) equity shares and upto maximum 77,92,546 (62%) Share Capital of the Company depending on number of Equity Shares tendered in the Open Offer.

Consequent to the said agreement, under Open Offer 30,74,410 (24.46%) equity shares were validly tendered by the shareholders which has been acquired in 100% by the said acquirer @ Rs. 198/- per share.

Promoter Mr. Mahendra V. Doshi later on intimated to the Company that the aforesaid Share Purchase Agreement could not concluded on part of Dakshin Mercantile Private Limited due to financial constraints of the Acquirer (Essel Group). Hence the said agreement became void.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments, affecting the financial position of the Company from end of the financial year upto the date of this Board's 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 Company 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 and Employees for their co-operation and support.

For and on behalf of the Board of Directors

Mumbai
Date: May 02, 2019

(M. V. Doshi)
Executive Chairman

Annexure - A

Disclosure regarding Employees Stock Option Plan pursuant to SEBI (Share Based Employees Benefits) Regulations, 2014 and Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2019

(A) The Company has issued stock options to its permanent employees in accordance with the Company's Employee Stock Option Scheme 2010 and 2014. Both the Schemes are administered by the Compensation Committee / Nomination and Remuneration Committee (NRC) constituted pursuant to SEBI (Share based employee benefits) Regulations, 2014. All the permanent employees of the company and the then subsidiary, including Directors but excluding promoters of the Company are eligible to participate in the Schemes. The Committee grants stock options to the employees at its discretion depending upon criteria such as role/designation of the employee, length of service with the company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Committee.

ESOP Scheme	Members approval	Number of options approved
ESOP Scheme-2010	March 17, 2010	9,05,000
ESOP Scheme-2014	January 02, 2015	7,75,000

The stock option vested / shall be vest proportionately as may be decided by NRC committee at the time of grant, over the period of 3 to 5 years after the first anniversary from the date of grant. Under ESOP Scheme 2010, 3,90,000 options were granted to Identified Employee at the exercise price 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 at Rs. 117.50 per option and 4,47,000 options were granted at Rs. 80/- per Option, higher than the market price. Under ESOP Scheme 2014 - 7,75, 000 Options were granted at Rs. 80/- per Option, higher than the market price. The entire options granted under the Scheme 2014 were lapsed/ forfeited/ surrendered/ cancelled. The exercise price, in cash, is paid/ to be paid by the employee at the time of exercise of the stock option. No stock option is granted in lieu of cash. The option lapses if not exercised within a period of 5 years from the date of vesting of option. The lapsed option is available for being re-granted / re-issue at a future date. The maximum number of options that may be granted to any specific employee is upto 3,90,000 under Scheme 2010 and 4,10,000 under ESOP Scheme 2014. Every one stock option, if exercised, is allotted one equity shares of Rs. 10/- each.

The Company had been using intrinsic value method of accounting ESOP expenses as prescribed by SEBI (Share based employee benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, to account for stock options issued under the Company's stock option schemes. Under this method, compensation expenses are recorded on the basis of excess of the market price of share at the date of grant of option over exercise price of the option. There would be no impact on the profit or earnings per share had the company used the fair value of the options as the method of

accounting instead of intrinsic value as the fair value is less than the intrinsic value of the option.

(B) Summary of stock options (ESOP Scheme-2010)

Options outstanding at the beginning of the year	1,47,100
Options granted during the year	Nil
Options forfeited / lapsed during the year	Nil
Options vested during the year	Nil
Options exercised during the year	1,47,100
Shares arising as a result of exercise of options	1,47,100
Source of shares	Primary
Money realized by exercise of options (Rs.)	1,67,40,500/-
Loan repaid by the trust during the year from exercise price received	N.A.
Options outstanding at the end of the year	Nil
Options exercisable at the end of the year	Nil
Variation in terms of options	Nil
Employee-wise details of options granted during the year to	
(i) KMP / Senior managerial personnel	Nil
(ii) Other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
(iii) Employees who received the options during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant	Nil
Diluted EPS	19.25

(C) Weighted average shares price on the date of exercise of the options is:

Date of exercise of the options	Number of shares	Weighted average shares price
16/04/2018	1,32,600	Rs. 160.72 (Previous year Rs. 72.75)
20/04/2018	14,500	Rs. 161.78 (Previous year Rs. 73.54)

(D) Weighted average fair value of options: The fair value of each option is estimated using the Black Scholes model after applying the following weighted average assumptions:-

	For the year ended March 31, 2019
Risk free interest rate	*
Expected life	*
Expected Volatility (%)	*
Expected Dividend (%)	*
Price of underlying shares in the market at the time of option grant	*

*Not applicable since the Company has not granted stock options during the year.

No Stock Options remain outstanding at the end of the year under the Scheme 2010 or Scheme 2014.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Amounts in Rs.

Sl. No.	Particulars	Details
1	Name of the subsidiary	Gayatri Cement & Chemical Industries Pvt. Ltd.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2018 To 31/03/2019
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4	Share Capital	21,00,000/-
5	Reserves & Surplus	(1,87,82,886/-)
6	Total Assets	13,08,180/-
7	Total Liabilities	13,08,180/-
8	Investments	6,70,650/-
9	Turnover	3,44,205/-
10	Profit before taxation	(1,67,079/-)
11	Provision for taxation	--
12	Profit after taxation	(1,67,079/-)
13	Proposed Dividend	--
14	% of shareholding	100

- Names of subsidiaries which are yet to commence operations – Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year. Not Applicable

Part "B": Associates and Joint Ventures Not Applicable

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures
1. Latest audited Balance Sheet Date
2. Shares of Associate/Joint Ventures held by the company on the year end
No.
Amount of Investment in Associates/Joint Venture
Extent of Holding%
3. Description of how there is significant influence
4. Reason why the associate/joint venture is not consolidated
5. Net worth attributable to shareholding as per latest audited Balance Sheet
6. Profit/Loss for the year
i. Considered in Consolidation
ii. Not Considered in Consolidation

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

As per our Report attached
For MGB & Co. LLP,
Chartered Accountants
Firm Reg. No. 101169W/W100035

Sanjay Kothari
Partner
Membership No.048215

For and on behalf of the Board
M. V. Doshi
Executive Chairman

S. S. Gulati
Head- Corporate Affairs
G. B. Innani
G M (Legal) & Company Secretary

Mumbai, Dated: 2nd May 2019

Mumbai, Dated: 2nd May 2019

ANNEXURE - C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
LKP Finance Limited.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LKP Finance Limited (hereinafter called the Company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder; except for
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as applicable to the company:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(not applicable to the company during the audit period)**

- (d) The Securities and Exchange Board of India Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(not applicable to the company during the audit period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(not applicable to the company during the audit period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(not applicable to the company during the audit period)**
- (i) The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992.
- (vi) Other Applicable Acts;
 - (a) Prevention of Money Laundering Act, 2002
 - (b) RBI Regulations on Non-Banking Financial (Non Deposits Accepting or Holding) Companies;
 - (c) The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
 - (d) Employees State Insurance Act, 1948;
 - (e) Payment of Gratuity Act, 1972;
 - (f) The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013;

I/we have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not undertaken event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. except for:

- i. Allotment of 132,600 shares on 16th April, 2018 and 14,500 equity shares on 20th April, 2018 pursuant to exercise of vested options by the grantees under Company's Employee Stock Option Scheme.
- ii. Change in the shareholding and management of the Company and execution of Share Purchase Agreement for same.
- iii. Open offer for 32,67,842 (26%) equity shares of the Company from the public shareholders of the Company made by Dakshin Mercantile Private Limited.

For V.R. Associates
Company Secretaries

V. Ramachandran
CP 4731

Place : Mumbai

Date : 2nd May, 2019

This report is to be read with our letter of even date which is annexed as 'Annexure I' and forms an integral part of this report.

'Annexure I' to Secretarial Audit Report

To,

The Members,

LKP Finance Limited.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on my audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For V.R. Associates
Company Secretaries

V. Ramachandran
CP 4731

Place : Mumbai

Date : 2nd May, 2019

Form No. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: L65990MH1984PLC032831
- ii) Registration Date: 5th May 1984
- iii) Name of the Company: LKP Finance Limited
- iv) Category / Sub-Category of the Company: Company Limited by shares
- v) Address of the Registered office and contact details :
203, Embassy Centre, Nariman Point, Mumbai 400 021.
- vi) Whether listed Company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent:
M/s. Adroit Corporate Services Private Limited
19, Jafarbhoy Industrial Estate, 1st Floor,
Makawana Road, Marol Naka,
Andheri (East), Mumbai 400 059.
Tel. No.022- 28590942

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Interest & Dividend Income	65990	25.27
2	Profit on sale of Shares and Securities	65990	74.73

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	Gayatri Cement & Chemical Industries Private Limited 112-A, Embassy Centre Nariman Point Mumbai, Maharashtra India - 400021	U99999MH1983PTC115063	Subsidiary	100	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2018				No. Of Shares held at the end of the year 31/03/2019				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
a) Individual/HUF	--	--	--	--	--	--	--	--	--
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt. (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	3957020	--	3957020	31.86	3957020	--	3957020	31.48	-0.38
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other...									
i. Directors	3808689	--	3808689	30.65	3809489	--	3809489	30.32	-0.33
ii. Directors relatives	216725	--	216725	1.75	216725	--	216725	1.72	-0.03
Sub-total (A) (I):-	7982434		7982434	64.26	7983234		7983234	63.52	-0.74*

*Change in % is due to increase of paid up capital of the Company consequent to allotment of shares under ESOP.

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2018				No. Of Shares held at the end of the year 31/03/2019				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other...	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	7982434		7982434	64.26	7983234		7983234	63.52	-0.74
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	--	1400	1400	0.01	--	700	700	0.00	-0.01
b) Banks / FI	50	2500	2550	0.02	50	2500	2550	0.02	--
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	210702	--	210702	1.70	19783	--	19783	0.16	- 1.54
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (Specify)	--	--	--	--	--	--	--	--	--
Sub-total (B) (1)	210752	3900	214652	1.73	19833	3200	23033	0.18	-1.55
(2) Non - Institutions									
a) Bodies Corp.									
i) Indian	1039259	8101	1047360	8.43	3131787	8101	3139888	24.98	16.55
ii) Overseas	727489	--	727489	5.86	--	--	--	--	-5.86
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 lakh	1510111	300501	1810612	14.58	944635	268885	1213520	9.66	-4.92
ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	303127	--	303127	2.44	86159	--	86159	0.69	-1.75
c) Others (Specify)									
c-1) NON RESIDENT INDIANS(INDIVIDUALS)	77456	97625	175081	1.41	72329	46225	118554	0.94	-0.47
c-2) CLEARING MEMBER	6781	--	6781	0.05	3750	--	3750	0.03	-0.02
c-3) TRUSTS	200	--	200	--	200	--	200	--	--
c-4) DIRECTORS	152892	--	152892	1.23	--	--	--	--	-1.23
c-5) CORPORATE BODY - BROKER	895	--	895	0.01	85	--	85	0.00	-0.01
c-6 Foreign Individuals (Including FDI)	--	---	--	--	--	200	200	--	--
Sub-total (B)(2)	3818210	406227	4224437	34.01	4238945	3,23,411	4562356	36.30	2.29
Total Public Shareholding(B)= (B) (1)+(B)(2)	4028962	410127	4439089	35.74	4258778	326611	4585389	36.48	0.74
C. Shares held by Custodian for GDRs & ADRs.									
Promoter and Promoter Group	--	--	--	--	--	--	--	--	--
Public -	--	--	--	--	--	--	--	--	--
Sub-total (C)	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	12011396	410127	12421523	100	12242012	326611	12568623	100	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2018			Share holding at the end of the year 31/03/2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. M. V. Doshi	3707967	29.84	-	3708767	29.51	--	-0.33
2	Mr. Pratik M. Doshi	100722	0.81	--	100722	0.80	--	-0.01
3	Miss Ira P. Doshi	100000	0.81	--	100000	0.80	--	-0.01
4	Mrs. Shital A. Sonpal	16725	0.13	--	16725	0.13	--	-0.00
5	Bhavana Holdings Pvt. Ltd.	1409505	11.35	--	1409505	11.21	--	-0.14
6	Sea Glimpse Investments Pvt. Ltd.	2547515	20.51	--	2547515	20.27	--	-0.24
7	Miss Samaya Pratik Doshi	100000	0.81	--	100000	0.80	--	-0.01
	Total	7982434	64.26		7983234	63.52	--	-0.74

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		As on date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company*
1	Mr. Mahendra V. Doshi (Includes holding on behalf of partnership firm LK Panday) At the beginning of the year Change during the year Acquired At the end of Year	01/04/2018 01/03/2019 31/03/2019	3707967	29.84	3707967 800 3708767	29.84 0.01 29.51
2	Mr. Pratik M. Doshi At the beginning of the Year Change during the Year At the end of Year	01/04/2018 -- 31/03/2019	100722 -- --	0.81 -- --	100722 -- 100722 --	0.81 -- 0.80 --
3	Miss. Ira Pratik Doshi At the beginning of the year Change during the year At the end of Year	01/04/2018 -- 31/03/2019	100000 -- --	0.81 -- --	100000 -- 100000	0.81 -- 0.80
4	Mrs. Shital A Sonpal At the beginning of the year Change during the year At the end of Year	01/04/2018 -- 31/03/2019	16725 -- --	0.13 -- --	16725 -- 16725	0.13 -- 0.13
5	Bhavna Holdings Pvt. Ltd. At the beginning of the year Change during the year At the end of Year	01/04/2018 -- 31/03/2019	1409505 -- --	11.35 -- --	1409505 -- 1409505	11.35 -- 11.21
6	Sea Glimpse Investment Pvt. Ltd. At the beginning of the year Change during the year At the end of Year	01/04/2018 -- 31/03/2019	2547515 -- --	20.51 -- --	2547515 -- 2547515	20.51 -- 20.27
8	Miss. Samaya Pratik Doshi At the beginning of the year Change during the year At the end of Year	01/04/2018 -- 31/03/2019	100000 -- --	0.81 -- --	100000 -- 100000	0.81 -- 0.80

*Change in % is due to increase of paid up capital of the Company consequent to allotment of shares under ESOP.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	For Each of the Top 10 Shareholders	Name of Shareholder's	As On Date	No. of Shares held at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	Dakshin Mercantile Private Limited	01-04-2018	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year		16/11/2018	3023310	24.05	3023310	24.05
			07/12/2018	51100	0.41	3074410	24.46
			15/03/2019	-2000	0.02	3072410	24.45
			29/03/2019	2000	0.02	3074410	24.46
	At the End of the year		31/03/2019	0	0.00	3074410	24.46
2	At the beginning of the year	Agrud Capital Pte Ltd	01-04-2018	727489	5.86	727489	5.86
	Date wise Increase / Decrease in Share holding during the year		28/09/2018	-727489	5.79	0	0.00
	At the End of the year		31/03/2019	0	0.00	0	0.00
3	At the beginning of the year	Grovsnor Investment Fund Ltd	01-04-2018	305362	2.46	305362	2.46
	Date wise Increase / Decrease in Share holding during the year		12/10/2018	920	0.01	306282	2.44
			16/11/2018	-305362	2.43	920	0.01
	At the End of the year		31/03/2019	0	0.00	920	0.01
4	At the beginning of the year	Sayanta Basu	01-04-2018	152892	1.23	152892	1.23
	Date wise Increase / Decrease in Share holding during the year		04/05/2018	132600	1.06	285492	2.27
			28/09/2018	-152892	1.22	132600	1.06
			16/11/2018	-132600	1.06	0	0.00
	At the End of the year		31/03/2019	0	0.00	0	0.00
5	At the beginning of the year	Fineone Multitrade Private Limited	01-04-2018	231803	1.87	231803	1.87
	Date wise Increase / Decrease in Share holding during the year		28/09/2018	-231803	1.84	0	0.00
	At the End of the year		31/03/2019	0	0.00	0	0.00
6	At the beginning of the year	India Max Investment Fund Limited	01-04-2018	192199	1.55	192199	1.55
	Date wise Increase / Decrease in Share holding during the year		16/11/2018	-192199	1.53	0	0.00
	At the End of the year		31/03/2019	0	0.00	0	0.00
7	At the beginning of the year	Marytime Trimpex Private Limited	01-04-2018	130799	1.05	130799	1.05
	Date wise Increase / Decrease in Share holding during the year		14/09/2018	-29754	0.24	101045	0.80
			21/09/2018	-101045	0.80	0	0.00
	At the End of the year		31/03/2019	0	0.00	0	0.00
8	At the beginning of the year	Kashmira Investment And Leasing Private	01-04-2018	86554	0.70	86554	0.70
	Date wise Increase / Decrease in Share holding during the year		13/04/2018	-70548	0.57	16006	0.13
			20/04/2018	-16006	0.13	0	0.00
			25/01/2019	7500	0.06	7500	0.06
			08/02/2019	374	0.00	7874	0.06
			01/03/2019	370	0.00	8244	0.07
			15/03/2019	-7460	0.06	784	0.01
			29/03/2019	-49	0.00	735	0.01
	At the End of the year		31/03/2019	0	0.00	735	0.01
9	At the beginning of the year	Sanjay Mansukhlal Chitalia	01-04-2018	66900	0.54	66900	0.54
	Date wise Increase / Decrease in Share holding during the year		18/05/2018	-10000	0.08	56900	0.45
			25/05/2018	-6900	0.05	50000	0.40
			15/06/2018	-10000	0.08	40000	0.32
			22/06/2018	-10000	0.08	30000	0.24
	At the End of the year		31/03/2019	0	0.00	30000	0.24
10	At the beginning of the year	Satvinderpal Singh Gulati	01-04-2018	61646	0.50	61646	0.50
	Date wise Increase / Decrease in Share holding during the year		16/11/2018	-61646	0.49	0	0.00
	At the End of the year		31/03/2019	0	0.00	0	0.00
11	At the beginning of the year	Rashmikant Amratlal Shah	01-04-2018	61031	0.49	61031	0.49
	Date wise Increase / Decrease in Share holding during the year		18/05/2018	-15000	0.12	46031	0.37
			10/08/2018	-5000	0.04	41031	0.33
			05/10/2018	-41031	0.33	0	0.00
	At the End of the year		31/03/2019	0	0.00	0	0.00

12	At the beginning of the year	Anand Agarwal	01-04-2018	30000	0.24	30000	0.24
	Date wise Increase / Decrease in Share holding during the year		01/06/2018	-3000	0.02	27000	0.21
			13/07/2018	-2000	0.02	25000	0.20
			27/07/2018	-1000	0.01	24000	0.19
			03/08/2018	-1000	0.01	23000	0.18
			21/09/2018	-1000	0.01	22000	0.18
			05/10/2018	-1500	0.01	20500	0.16
			25/01/2019	-2163	0.02	18337	0.15
			01/02/2019	-637	0.01	17700	0.14
At the End of the year		31/03/2019	0	0.00	17700	0.14	
13	At the beginning of the year	Vijay Venkatram	01-04-2018	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year		09/11/2018	3603	0.03	3603	0.03
			16/11/2018	7122	0.06	10725	0.09
			07/12/2018	11140	0.09	21865	0.17
			14/12/2018	3250	0.03	25115	0.20
			04/01/2019	1000	0.01	26115	0.21
			11/01/2019	1000	0.01	27115	0.22
			08/02/2019	1500	0.01	28615	0.23
			31/03/2019	0	0.00	28615	0.23
14	At the beginning of the year	Vanitha Vijay Venkatram	01-04-2018	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year		09/11/2018	100	0.00	100	0.00
			16/11/2018	9657	0.08	9757	0.08
			23/11/2018	4600	0.04	14357	0.11
			07/12/2018	9887	0.08	24244	0.19
			14/12/2018	300	0.00	24544	0.20
			04/01/2019	2000	0.02	26544	0.21
			11/01/2019	1000	0.01	27544	0.22
			31/03/2019	0	0.00	27544	0.22
15	At the beginning of the year	Arti Vishal Purohit	01-04-2018	20000	0.16	20000	0.16
	Date wise Increase / Decrease in Share holding during the year			NIL	NIL		
			31/03/2019	0	0.00	20000	0.16
	At the End of the year						
16	At the beginning of the year	Gopal P. Sharma	01-04-2018	19650	0.16	19650	0.16
	Date wise Increase / Decrease in Share holding during the year		22/03/2019	200	0.00	19850	0.16
	At the End of the year		31/03/2019	0	0.00	19850	0.16
17	At the beginning of the year	Lts Investment Fund Ltd	01-04-2018	18503	0.15	18503	0.15
	Date wise Increase / Decrease in Share holding during the year		08/05/2018	-18503	0.15	0	0.00
			15/03/2019	13323	0.11	13323	0.11
			22/03/2019	6460	0.05	19783	0.16
			31/03/2019	0	0.00	19783	0.16
At the End of the year							
18	At the beginning of the year	Rajesh Kataria	01-04-2018	16479	0.13	16479	0.13
	Date wise Increase / Decrease in Share holding during the year			NIL	NIL		
	At the End of the year		31/03/2019	0	0.00	16479	0.13
19	At the beginning of the year	Neelam Gupta	01-04-2018	15500	0.12	15500	0.12
	Date wise Increase / Decrease in Share holding during the year			NIL	NIL		
	At the End of the year		31/03/2019	0	0.00	15500	0.12

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Mr. Mahendra V. Doshi Executive Chairman					
		01/04/2018	3707967	29.84	3707967	29.84
		01/03/2019 + 800 31/03/2019			3708767 3708767	29.51 29.51
2	Mr. Pratik M Doshi Director					
		01/04/2018	100722	0.81	100722	0.81
		31/03/2019	--	--	100722	0.80

3	Mr. Sayanta Basu Nominee Director				
	01/04/2018	152892	1.23	152892	1.23
	16/04/2018 + 132600	--	--	285492	3.33
	4/10/2018 - 285492	--	--	--	--
	31/03/2019	--	--	--	--
4	Mr. S. S. Gulati Head Corporate Affairs				
	01/04/2018	61646	0.50	61646	0.50
	4/10/2018 - 61646	--	--	--	--
	31/03/2019	--	--	--	--
5	Mr. Girish Kumar Innani GM(Legal) & Company Secretary				
	01/04/2018	--	--	--	--
	20/4/2018 +14500	--	--	14500	0.11
	4/10/2018 -14500	--	--	--	--
	31/03/2019	--	--	--	--

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	--	35,96,65,031	--	35,96,65,031
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	--	35,96,65,031	--	35,96,65,031
Change in Indebtedness during the financial year				
• Addition	--	--	--	--
• Reduction	--	--	--	--
Net Change	--	--	--	--
Indebtedness at the end of the financial year				
i) Principal Amount	--	35,96,65,031	--	35,96,65,031
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	--	35,96,65,031	--	35,96,65,031

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:* Executive Chairman

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	
		Mr. Mahendra V. Doshi Executive Chairman	
		Total Amount Rs.	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60,00,000/-	60,00,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--
2.	Stock Option	--	--
3.	Sweat Equity	--	--
4.	Commission		
	- as % of profit	81,00,000/-	81,00,000/-
	- others, specify...	--	--
5.	Others, please specify – Bonus	5,00,000/-	5,00,000/-
	Medical	15,000/-	15,000/-
	Total (A)	1,46,15,000/-	1,46,15,000/-
	Ceiling as per the Act	1,52,25,388/-	1,52,25,388/-

B. Remuneration to other Directors

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount Gross in Rs.
		Mr. Pratik M. Doshi	Mr. Vineet Suchanti	Mr. Sajid Mohamed	Mrs. Anjali Suresh	Mr. Sayanta Basu Upto 7/12/2018	Amitabh Chaturvedi w.e.f. 7/12/2018	
1.	Independent Directors • Fee for attending board committee meetings Rs.	--	1,20,000/-	40,000/-	1,40,000/-	--	--	3,00,000/-
	• Commission	--	--	--	--	--	--	--
	• Others, please specify	--	--	--	--	--	--	--
	Total (1) Rs.	--	1,20,000/-	40,000/-	1,40,000/-	--	--	3,00,000/-
2.	Other Non-Executive Directors		--	--	--	--	--	--
	• Fee for attending board committee meetings Rs.	1,20,000/-	--	--	--	--	--	1,20,000/-
	• Commission	--	--	--	--	--	--	--
	□ Others, please specify	--	--	--	--	--	--	--
	Total (2)	1,20,000/-	--	--	--	--	--	1,20,000/-
	Total (B)=(1+2)	1,20,000/-	1,20,000/-	40,000/-	1,40,000/-	--	--	4,20,000/-
	Total Managerial Remuneration Rs.							4,20,000/-
	Overall Ceiling as per the Act							30,45,077/-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	Head Corporate Affairs /CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	17,82,000/-	33,00,000/-	50,82,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	60,000/-	--	60,000/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
2.	Stock Option	--	11,70,875/-	--	11,70,875/-
3.	Sweat Equity	--	--	--	--
4.	Commission - as % of profit - others, specify...	--	--	--	--
5.	Others, please specify – 1) Bonus	--	1,48,500/-	2,75,000/-	4,23,500/-
	2) Incentive		--	10,00,000/-	10,00,000/-
	3) Medical		10,000/-	15,000/-	25,000/-
	4) Transportation		12,000/-	12,000/-	24,000/-
	Total (C)	--	31,83,375/-	46,02,000/-	77,85,375/-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : Nil

Annual Report on Corporate Social Responsibility (CSR) Activities

1. A brief outline of the company’s CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR policy is stated herein below:

CSR Policy

(Approved by the Board of Directors on 29.01.2015)

LKP Finance Limited, as a good corporate citizen, has adopted CSR as strategic tool for sustainable growth and has decided to contribute to the development of the communities as a whole. In doing so the Company aims at building a better, sustainable way of life for the weaker sections of society.

The focus areas in which LKP plans to work shall include Education, Health care and Environmental Sustainability. The objectives of the Company for the above activities shall be as follows:-

1. Education: Our endeavour is to spark the desire for learning and enlighten minds. We may undertake to fulfill this objective by way of providing quality education initiatives or by financial assistance to the poor and needy students, undertaking to impart vocational training, adult education programs, girl education, other related infrastructure etc.
2. Health care: Our goal is to render quality health care facilities which we may provide by way of undertaking preventive healthcare programs by way of including but not limited to setting various camps and related infrastructure services, providing of sanitation and making available safe drinking water, etc.
3. Environmental Sustainability: We aim at providing livelihood in an environmentally sustainable manner. For addressing this objective we may undertake afforestation, planting of trees, maintain public garden, playground cleanliness and such other like programs, activities towards maintaining ecological balance, quality of soil, air and water, conservation of natural resources, etc.

Web Link:

http://www.lkpsec.com/Admin/InvestorInreport/635665217977345000_FINAL%20CSR%20POLICY.pdf

2. **Composition of CSR committee**

Name of the Member	Designation
Mr. Mahendra V. Doshi	Chairman
Mr. Vineet N. Suchanti	Member
Mr. Pratik M. Doshi	Member

3. **Average net profit of the company for last three financial years:**

Average net profit: Rs. 15,16,00,626/-

4. **Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)**

The company is required to spent Rs. 30,32,013/-

5. **Details of CSR spent :**

- a) Total amount spent for the Financial Year Rs. 35,00,000/-
- b) Amount unspent if any : NIL
- c) Manner in which the amount was spent

Sr. No.	Projects/ Activities	Sector	Locations	Amount outlay (Budget) project or programme wise (Rs. Lakhs)	Amount spent on the project or programme (Rs. Lakhs)	Cumulative expenditure up to reporting period (Rs. Lakhs)	Amount spent: Direct or through implementing agency (Rs. Lakhs)
1	Educational	Literacy	Maharashtra	200.00	82.46	196.83	196.83

- d) Details of implementing agency : Smt. Jayalaxmi Vasantraai Doshi Charitable Trust, Mumbai.
- e) The implementing agency has identified rehabilitation project of Devghar village, Ambawane Panchayat in Pune District of Maharashtra State, for the purpose of Education, Health Care and Environmental Sustainability.
- f) The implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

ANNEXURE F

ANNEXURE G

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis : **NIL**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts / arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Justification for entering into such contracts or arrangements or transactions
 - (f) date(s) of approval by the Board
 - (g) Amount paid as advances, if any:
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
2. Details of material contracts or arrangement or transactions at arm's length basis

	Name(s) of the related party and nature of relationship (a)			
	LKP Securities Ltd. Directors Interested (Rs. In Lacs)	MKM Share & Stock Brokers Ltd. (Rs. In Lacs)	Key Managerial Personnel	Total (Rs. In Lacs)
Nature of contracts /arrangements/ transactions (b)				
Interest Income	75.89	---	--	75.89
Remuneration	---	---	Mr. M. V. Doshi Mr. S. S. Gulati Mr. G. B. Innani	146.00 45.75 31.61
Brokerage Paid	10.65	---	--	10.65
Sale of used Vehicle, Furniture and Office Equipment	118.41	---	--	118.41
Income from Assignment of Bad Loans and Advances	--	3000.00	--	3000.00
Sale of Investments	--	1100.00	--	1100.00

- (a) Duration of the contracts / arrangements/transactions: 01/04/2018 to 31/03/2019
- (b) Salient terms of the contracts or arrangements or transactions including the value, if any: Regular and ordinary course of business
- (c) Date(s) of approval by the Board, if any: 02/05/2019
- (d) Amount paid as advances, if any: Nil

By Order of the Board of Directors

Mumbai
Date: 2nd May 2019

(M. V. Doshi)
Executive Chairman

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i. The ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the financial year:

Name of Director	Designation	Ratio to median remuneration of the employees*
Mr. M. V. Doshi	Executive Chairman	32.06:1

- ii. The % increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Designation	Name of Employee	% Increase in remuneration
Executive Chairman	Mr. M. V. Doshi	77.90
Head Corporate Affairs / CFO	Mr. S. S. Gulati	0.22
General Manger (Legal) & Company secretary	Mr. G. B. Innani	0.37

- iii. The % increase in the median remuneration of employees in the financial year : 0.66
- iv. The number of permanent employees on the rolls of the Company : 12
- v.
 1. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year: 0.69
 2. Average percentage increase in the managerial remuneration in the last financial year. 43.32

There are no exceptional circumstances for increase in the managerial remuneration.
- vi. It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

Date : 2nd May 2019
Place : Mumbai

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 Company believes that good Corporate Governance is a continuous process and strive to improve the same to meet shareholder’s expectations.

2. Board of Directors

Composition

The composition and category of Directors as on 31st March 2019 are as follows:

Category	Name of Directors	Designation
Promoter	Mr. M. V. Doshi	Executive Chairman
Independent & Non-executive	Mr. Vineet N. Suchanti	Director
Independent & Non-executive	Mrs. Anjali Suresh	Director
Independent & Non-executive	Mr. Sajid Mohamed	Director
Promoter	Mr. Pratik M. Doshi	Director
Nominee	Mr. Sayanta Basu	Director (upto 7 th Dec. 2018)
Nominee	Mr. Amitabh Chaturvedi	Director (w.e.f 7 th Dec. 2018)

The composition of the Board of Directors is in accordance with the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Non-Executive Independent Directors of your Company have no pecuniary relationship or any transaction with your Company.

Mr. Amitabh Chaturvedi represents Dakshin Mercantile Private Limited, the Acquire under Open Offer.

Board Meetings

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 seven Board Meetings held during the financial year ended 31st March 2019, namely on 16th April 2018, 14th May 2018, 6th August 2018, 30th August 2018, 22nd October 2018, 6th February 2019 and 11th February 2019.

Attendance, Other Directorship & Membership

Membership and Attendance of each Director at the Board of Directors’ Meetings held during the year and the last Annual General Meeting and the number of other Directorship/ Membership of Board Committees as on 31st March 2019:

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	Mr. Mahendra V. Doshi	7	Yes	5	4	1	3
2	Mr. Vineet N. Suchanti	6	Yes	5	1	2	3
3	Mr. Sajid Mohamed	2	Yes	1	1	--	2
4	Mr. Sayanta Basu (upto 7/12/2018)	2	No	--	10	--	--
5	Mr. Pratik M. Doshi	6	Yes	3	5	1	6
6	Mrs. Anjali Suresh	7	No	1	1	1	--
7	Mr. Amitabh Chaturvedi (w.e.f 7/12/2018)	1	NA	4	4	2	16

None of the present Directors are relative of each other except Mr. Pratik M. Doshi who is son of Mr. Mahendra V. Doshi.

Remuneration of Directors

During the year under review the Company has paid Rs. 146.15 lacs towards remuneration (details of which are provided in the extract of the annual return form MGT 9 ‘Annexure C’ to the Directors’ Report) to Mr. Mahendra V. Doshi, Executive Chairman of the Company pursuant to the special resolution passed by members on May 24, 2017. At present, Independent Directors are not paid any remuneration except sitting fees for attending Board Meetings.

Sitting *Fees paid to Directors for attending Board Meetings

1. Mr. Sajid Mohamed Rs. 40,000/-
2. Mr. Vineet N. Suchanti Rs. 1,20,000/-
3. Mr. Pratik M. Doshi Rs. 1,20,000/-
4. Mr. Sayanta Basu Nil
5. Mr. M. V. Doshi Nil
6. Mrs. Anjali Suresh Rs. 1,40,000/-

*gross

3 Audit Committee

The Board has set up the Audit Committee with two Independent Directors Mr. Vineet N. Suchanti, Mrs. Anjali Suresh and one Promoter Director Mr. M. V. Doshi. Mr. Vineet N. Suchanti is the Chairman of the Audit Committee and was present at the last Annual General Meeting.

Audit Committee meetings were held on 16th April 2018, 3rd August 2018, 22nd October 2018, and 6th February 2019. All the members have attended the aforesaid meetings. The Statutory Auditors were the invitees to the above meetings. The scope of activities and powers of Audit Committee includes the areas prescribed under the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, and section 177 of the Companies Act, 2013.

4. Stakeholders Relationship Committee

Stakeholders Relationship Committee has been constituted pursuant to the section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The said Committee is having two Independent Directors Mrs. Anjal Suresh and Mr. Vineet Suchanti. Mrs. Anjali Suresh is appointed as the Chairperson of the Committee. Mr. Girish Innani, General Manager (Legal)

& Company Secretary of the Company is Compliance Officer. During the year under review, no complaints were received about non receipt of Dividend Warrant/s or for non receipt Share Certificate after transfer. The Committee meetings were held on 3rd April 2018, 11th July 2018, 9th October 2018 and 10th January 2019. 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.

5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted by the Company. Mr. Vineet N. Suchanti is the Chairman of the Committee and Mr. Sayanta Basu and Mrs. Anjali Suresh are the members of the Committee up to 7th December 2018. The said Committee has been reconstituted on 6th February 2019 with Mr. Vineet N. Suchanti as the Chairman and Mrs. Anjali Suresh and Mr. Pratik M. Doshi are the members of the said Committee.

The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under Part D Schedule II read with regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and section 178 of the Companies Act, 2013. The broad terms of reference of the Nomination and Remuneration Committee therefore include recommending a policy relating to remuneration and employment terms of Executive Chairman, directors and senior management personnel, adherence to the remuneration/employment policy, also to prepare, administrate and monitor Company's Employees Stock Options Plans /Scheme from time to time, as finally approved by the Board of Directors. Preparing the criteria and identify persons who may be appointed as directors or senior management of the Company, preliminary evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting non-compliances, in case if any, to the Board of Directors, recommending draft of the report required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which will form part of the Directors Report to Shareholders, monitor loans to employees and any other matters which the Board of Directors may direct from time to time.

During the financial year ended March 31, 2019, two meetings of the Nomination and Remuneration Committee were held on 25th September 2018 and 7th February 2019. All the members have attended the aforesaid meetings. At present, Directors are not paid any fees for attending any Committee Meetings.

Criteria of selection of Non-executive Directors

The Non-executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment

under Section 164 of the Companies Act, 2013.

The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non-executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

A Non-executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and reimbursement of expenses for participation in the Board meetings.

CEO & Executive Chairman / Director – Criteria for selection / appointment

For the purpose of selection of the CEO & Executive Chairman / Director the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO & Executive Chairman / Director

At the time of appointment or re-appointment, the CEO & Executive Chairman / Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Committee and the Board of Directors) and the CEO & Executive Chairman / Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the CEO & Executive Chairman / Director comprises of fixed and variable component as per the provisions of Companies Act, 2013. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits.

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees the Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Executive Chairman will carry out the individual performance review based on the respective defined objectives, qualification, expertise, experience and other factors whilst recommending the annual increment and performance incentive to the Committee for its review and approval.

6. Corporate Social Responsibility (CSR) Committee:

As required under section 135 of the Companies Act, 2013 the company has formed a CSR committee consisting of the following members.

Name of the Member	Designation
Mr. Mahendra V. Doshi	Chairman
Mr. Vineet N. Suchanti	Member
Mr. Pratik M. Doshi	Member

The committee met 2 times during the financial year ended March 31, 2019. All the members have attended the aforesaid CSR Committee meetings.

7. Performance Evaluation of the Board

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

8. Independent Directors Meeting

During the year under review, the Independent Directors met on 4th February 2019, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Non-executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

9. General Body Meetings

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

Financial Year	Day	Date	Time
2017-2018	Tuesday	15 th May 2018	10.00 a.m.
2016-2017	Wednesday	24 th May 2017	10.00 a. m.
2015-2016	Friday	10 th June 2016	10.30 a. m

Location:

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

Business

Year	Special Resolution passed.
2017-18	None
2016-17	Approval for re-appointment of Mr. M. V. Doshi as Executive Chairman of the Company and payment of Remuneration thereof.
2015-16	Approval of Members authorising to the Board to exercise the powers 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.

During the year 2018-2019 No business had been conducted through postal ballot and as on date no Special Resolution is proposed to be conducted through postal ballot.

10. Disclosure

1. The related party details 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.
2. 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.
3. No personnel have been denied access to the Chairman or members of the Audit Committee. The mechanism of Whistle Blower Policy is in place.
4. To the extent possible, the Company has complied with the mandatory requirement of this clause.
5. The Company has complied with all applicable Accounting Standards in preparation of its financial statements pursuant to the amended Schedule III of Companies Act, 2013.

6. Weblink:

- a. Policy on dealing with related party transactions
https://www.lkpsec.com/Admin/InvestorInreport/63695260669180134_LKPF_Policy_on_Related_Party_Transactions.pdf
- b. Policy for determining 'material' subsidiaries
https://www.lkpsec.com/Admin/InvestorInreport/636952607317991013_LKPF_Policy_on_determining_material_subsiary.pdf

7. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2018-19

- Number of complaints received: Nil
- Number of complaints disposed off: Nil
- Number of complaints pending: Nil

11. Means of Communication

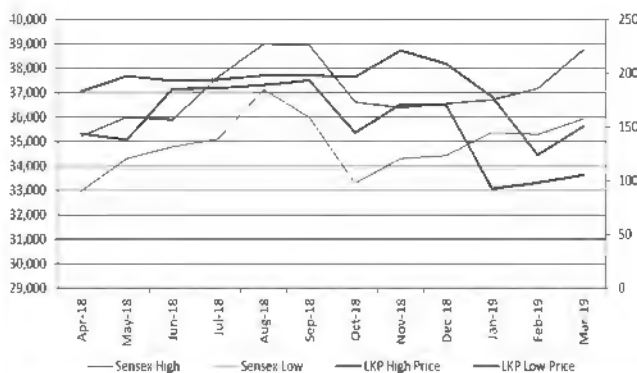
1. The quarterly and half-yearly financial results are published in Business Standard and Mumbai Lakshdeep and annual result published in Business Standard and Aaple Mahanagar, widely circulating national and local dailies. These were not sent individually to the shareholders.
2. The Company's results or official news are displayed on a web site www.lkpsec.com
3. There were no presentations made to the institutional investors or to the analysts.
4. The Management, Discussion and Analysis Report forms a part of this Annual Report.

12. General Shareholder Information

AGM Date, Time and Venue	Friday, 5 th July 2019 at 10.00 a.m. M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 001, Maharashtra, India.
Financial Calendar	April to March Announcement of Audited / Un-audited Results (tentative) 1 st Quarter - First week of August 2 nd Quarter - First week of November 3 rd Quarter - First week of February 4 th Quarter - First week of May
Book Closure	Monday 1 st July 2019 to Friday 5 th July 2019 (both days inclusive).
Dividend	Dividend which remains unpaid or unclaimed declared by the Company for the year ended on March 31, 2012 at the Annual General Meeting held on May 29, 2012 will be transferred to the Investor Education and Protection Fund of the Central Government around August 2, 2019 pursuant to the provisions of section 124 of the Companies Act, 2013. Thereafter no claim shall lie against the Company on these dividend from the shareholders. Transfer to Investor Education and Protection Fund: As required under Section 124 of the Act, the unclaimed dividend amount aggregating to Rs. 14,71,560/- lying with the Company for a period of seven years pertaining to the financial year ended on March 31, 2011 was transferred during the year 2018, to the Investor Education and Protection Fund established by the Central Government.
Listing on Stock Exchange	B S E Limited, Mumbai (Code-507912). The Company has paid the listing fees for the period from 1 st April 2019 to 31 st March 2020.
Demat ISIN No. for Depositories	INE 724A01017

Market Price Data and Performance in comparison to BSE Sensex

	LKP Finance Ltd				BSE Sensex	
	LKP High Price	LKP Low Price	Volume	No of trades	Sensex High	Sensex Low
Apr-18	183.00	143.60	3,14,889	1,449	35,213	32,973
May-18	197.30	138.00	8,30,897	3,576	35,994	34,303
Jun-18	193.00	185.15	1,24,335	3,818	35,877	34,785
Jul-18	194.00	186.00	88,074	1,500	37,645	35,107
Aug-18	197.90	189.00	1,80,731	1,681	38,990	37,129
Sep-18	198.00	193.10	2,18,092	4,555	38,934	35,986
Oct-18	196.40	144.55	60,265	716	36,617	33,292
Nov-18	221.00	171.00	77,784	767	36,389	34,303
Dec-18	208.50	170.00	39,387	318	36,555	34,426
Jan-19	178.00	92.50	42,981	528	36,701	35,376
Feb-19	124.00	98.05	41,310	314	37,172	35,287
Mar-19	150.30	105.20	56,792	612	38,749	35,927


Registrar & share Transfer Agent

M/s. Adroit Corporate Services Private Limited
 19, Jafarbhoy Industrial Estate, 1st Floor,
 Makawana Road, Marol Naka,
 Andheri (East), Mumbai 400 059.
 Tel/Direct: +91 (0)22 42270426 | Fax: +91 (0)22 28503748
sandeeph@adroitcorporate.com | www.adroitcorporate.com

Share Transfer System

The Company's Shares are traded on BSE Limited compulsorily in the dematerialized form. However, all requests received for transfer of shares for off market transaction in physical form furnishing with a copy of PAN card of the transferee(s) in compliance with the SEBI circular in that behalf, are processed by the Registrar and Transfer Agents and are approved by Share Transfer Committee on weekly basis. The Share Transfers are registered and returned within period of 15 days from the date of lodgment, if documents are complete in all respects.

Distribution of shareholding as on 31st March 2019

Shares slab	Share Holders	% age	Total Shares	Amount (Rs.)	% age
UPTO - 100	3450	68.19	254164	2,541,640.00	2.02
101 - 500	1160	22.92	311184	3,111,840.00	2.47
501 - 1000	228	4.51	173486	1,734,860.00	1.38
1001 - 2000	115	2.27	168452	1,684,520.00	1.34
2001 - 3000	40	0.79	102483	1,024,830.00	0.82
3001 - 4000	9	0.18	30795	307,950.00	0.25
4001 - 5000	8	0.16	37517	375,170.00	0.30
5001 -10000	21	0.42	140196	1,401,960.00	1.12
10001 -20000	15	0.30	225825	2,258,250.00	1.80
20001 -50000	3	0.06	86159	861,590.00	0.69
50001 & Above	10	0.20	11038362	110,383,620.00	87.81
Total :	5059	100	12568623	125,686,230.00	100.00

Dematerialization of equity Shares and liquidity

As on 31st March 2019, 97.40 % of the Company's total shares represented by 1,22,42,012 shares were held in dematerialized form.

Out-standing GDR/Warrants/Convertible Instruments

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

Address for correspondence

LKP Finance Limited
 203, Embassy Centre,
 Nariman Point,
 Mumbai 400 021

For and on behalf of Board of Directors

Mumbai
 Date: May 02, 2019

(M. V. Doshi)
 Executive Chairman

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,
LKP Finance Limited

We have examined the compliance of conditions of corporate governance by LKP Finance Limited (“the company”) for the year ended on 31st March, 2019, as specified in Chapter IV of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of the corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the company has complied with conditions of corporate governance as specified in Chapter IV of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

For *V.R. Associates*
Company Secretaries

V. Ramachandran
CP 4731

Place: Mumbai
Date: 2nd May, 2019

Certificate under Regulation 34(3) of SEBI Listing Regulations

We have examined the relevant records, registers, forms, and documents of LKP Finance Ltd. (the company), having CIN L65990MH1984PLC032831 and having registered office at 203 Embassy Centre, Nariman Point, Mumbai 400 021, maintained and produced before us, and the records available in public domain, for the year ended 31st March, 2019 for the purpose of issuing the certificate under regulation 34(3), read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Based on our examination of the records, documentation as well as information and explanation furnished to us, including the disclosures from the Directors of the company, which to the best of our knowledge and belief were necessary for the purposes of certification, we hereby certify that in our opinion and according to the best of our information and belief, none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as Director of companies either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

For *V.R. Associates*
Company Secretaries

V. Ramachandran
CP 4731

Place: Mumbai
Date: 2nd May, 2019

COMPLIANCE CERTIFICATE

[Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

The Board of Directors

LKP Finance Limited

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit committee that there is no :

- (1) significant changes in internal control over financial reporting during the year;
- (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (3) instances of significant fraud of which we have become aware and the involvement therein; if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

For LKP Finance Limited
M. V. Doshi
Executive Chairman

Mumbai
May 02, 2019

For LKP Finance Limited
S. S. Gulati
Head Corporate Affairs

COMPLIANCE WITH CODE OF CONDUCT

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2019.

For **LKP Finance Limited**
M. V. Doshi
Executive Chairman

Mumbai
2nd May 2019

MANAGEMENT DISCUSSION AND ANALYSIS**Industry structure and developments**

During the year under review some major financial companies defaulted thereby affecting liquidity in the markets. NBFCs too witnessed decline in disbursements and margin contraction due to rising cost of funds.

FY 2018-19 witnessed a surge in indices led by key constituents of the Nifty although the broader market including the midcap segment failed to show the kind of buoyancy displayed by the index. Bank Credit grew 13% while Deposits grew 10%. Mid 2018 witnessed considerable weakness in inflows into debt mutual funds. The year also saw considerable stress in certain Housing Finance Companies and other reputed corporate groups.

Opportunities and Threats

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

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

However, if a strong and stable government comes at centre, the capital market prospect would significantly improve.

Risks and Concerns

The performance of the Company is dependent on the capital markets for its returns. Even though it is envisaged that Indian stock market will continue to do well, global concerns can result in sharp corrections.

Segment-wise Performance

The 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 liquidity crisis, coupled with increasing stress in the corporate segment warrants caution. Prime Minister Narendra Modi while addressing the World Economic Forum said India could well be a \$5 trillion economy by 2025 but is surely facing a major challenge of falling farm incomes and the lack of job opportunities for thousands of youth entering the labour force each month.

On the external front the ongoing Trade War between the US and China and the happenings in the EU are factors which could exert pressure on markets. Also within India a visible slowdown as seen in the Q4 earnings released by the first set of companies seem to suggest that on the ground we are witnessing muted demand even in defensive sectors like Fast Moving Consumer Goods. The advent and prediction of Monsoon is also a key factor to be watched.

LKP Finance invests its funds in the capital market. We continue to see a significant opportunity in the market and will use periods of

interim weakness as investment opportunities for long term.

Internal Control Systems and their adequacy

The Company has satisfactory internal control system. The Company including subsidiary 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 firm of Chartered Accountants. 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, 2019 stands at Rs. 12,56,86,230/-divided into 1,25,68,623 equity shares of Rs. 10/- each fully paid up.

Net Worth

The Net Worth of the Company increased from Rs. 14561.75 lacs to 16395.81 lacs.

Secured Loans

The secured loans decreased to Rs. Nil from Rs. 1988.18 lacs.

Total Income

During the year under consideration total income was Rs. 4465.71 lacs as against Rs. 7869.62 lacs in the previous year.

Other Income

During the year under consideration other income was Rs. 3188.10 lacs as against Rs. 238.09 lacs in the previous year.

Interest and Finance Charges

During the year under consideration total interest and finance charges were Rs.233.40 lacs as against Rs. 509.95 lacs in the previous year.

Tax Expense

During the year under consideration the Tax Expense were Rs. 560.85 lacs.

Human Resources

There has been no material development on the Human Resource/ Industrial Relations front during the year. The company has provided medical insurance for its employees and family members as a welfare measure.

For and on behalf of the Board of Directors

Mumbai

Date: May 02, 2019

(M. V. Doshi)

Executive Chairman

Independent Auditor's Report

To the Members of
LKP Finance Limited
Report on the audit of financial statements

1. Opinion

We have audited the accompanying financial statements of **LKP Finance Limited** ('the Company'), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss, the statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2019, and its profit, and its cash flows for the year ended on that date.

2. Basis for opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) prescribed under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Response to Key Audit Matter
<p>Evaluation of Other income of Rs 30 crores The Company had during the year assigned non performing assets written off in earlier years to a related party.</p>	<p>Principal Audit Procedures We obtained the relevant assignment deeds entered into by the Company for assignment of four Non- Performing Assets (NPA's). These NPA's had been written off in earlier years. The Company has also received shareholders' approval vide resolution dated 20 March 2018 for assignment of these accounts to a related party with a total consideration of Rs 30 crores. The consideration on assignment has been received from the related party during the year We have considered and exercised our professional judgement and concluded that the amount is recognized as other income</p>
<p>Non recognition of Deferred tax assets on carried forward tax losses and MAT credit entitlement The Company's ability to recover deferred tax assets and MAT credit entitlement are assessed by management at the close of each financial year taking into account availability of sufficient future taxable income.</p>	<p>We have considered the recoverability of such deferred tax assets on tax losses carried forward and MAT credit entitlement as a key audit matters due to the importance of management's estimation and judgment and the materiality of amounts at stake. We reviewed the evaluation process of deferred tax assets on tax losses carried forward and MAT credit entitlement implemented by the Management. We assessed the permanence of methods used, the relevance and consistency of underlying assumptions (like earnings growth and applicable tax rates) and tested the arithmetic accuracy. We assessed the probability that the company may not use in the future its deferred tax assets and MAT credit entitlement, particularly with regard to the ability of the Company to generate sufficient future taxable profits in a foreseeable future allowing the use of existing tax losses carried forward and MAT credit entitlement.</p>

4. Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board' Report, Corporate Governance and Shareholder's Information but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

6. Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Report on other Legal and Regulatory requirements

I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of Section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.

II. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The balance sheet, the statement of profit and loss and the statement of cash flows dealt with by this Report are in agreement with the books of account;

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
- e) On the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses; and
 - iii. There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

For **MGB & Co. LLP**
Chartered Accountants
Firm Registration Number: 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 2 May, 2019

Annexure - A to the Independent Auditor's Report

Annexure referred to in paragraph 7(I) under "Report on other Legal and Regulatory requirements" of our report of even date to the members of LKP Finance Limited on the financial statements for the year ended 31 March 2019

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations, given to us, no discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of records, the title deeds of immovable properties are held in the name of the Company.
- ii. As explained to us, the inventories have been physically verified by the management at the reasonable intervals during the year on the basis of statements received from the custodians and depository participants and no discrepancies were noticed on verification as compared to book records.
- iii. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.
- iv. As the Company is a Non- Banking Finance Company being engaged in the business of financing companies, provisions of section 185 and Section 186 of the Act is not applicable to the company. However, the Company has complied with the provisions of Section 186 of the Act with respect to investments made.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act.
- vi. According to information and explanation given to us, the Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the activities carried on by of the Company.
- vii. According to the records of the Company examined by us and information and explanations given to us:
 - a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and others as applicable have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2019 for a period of more than six months from the date they became payable.
 - b) There are no dues of income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, and cess which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks. The Company does not have any loans from Government and has not issued any debentures during the year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.
- xi. According to the records of the Company examined by us, and information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. The Company is registered as Non-banking financial institution (NBFI) and is holding a Certificate of Registration (CoR) from Reserve Bank of India to carry on business of NBFI in terms of Section 45-IA of the RBI Act , 1934.

For **MGB & Co. LLP**
Chartered Accountants
Firm Registration Number: 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 2 May, 2019

Annexure - B to the Independent Auditor's Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act as referred to in paragraph 7 (II)(f) under "Report on other Legal and Regulatory requirements" of our report of even date to the members of LKP Finance Limited on the financial statements for the year ended 31 March 2019**

We have audited the internal financial controls over financial reporting of **LKP Finance Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on "Audit of Internal Financial Controls over Financial Reporting" (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **MGB & Co. LLP**

Chartered Accountants

Firm Registration Number: 101169W/W-100035

Sanjay Kothari

Partner

Membership Number 048215

Mumbai, 2 May, 2019

BALANCE SHEET AS AT 31 MARCH, 2019
(Amount in Rupees)

	Note	2019	2018
EQUITY AND LIABILITIES :			
Shareholders' funds			
Share capital	3	125,686,230	124,215,230
Reserves and surplus	4	1,513,894,733	1,331,960,161
Current liabilities			
Short-term borrowings	5	359,665,031	558,483,277
Short-term provisions	6	1,521,786	462,258
Other current liabilities	7	17,050,635	19,706,717
	Total	2,017,818,415	2,034,827,643
ASSETS :			
Non-current assets			
Property, Plant and Equipments	8	1,634,596	17,803,839
Non-current investments	9	28,468,150	513,739,017
Deferred tax assets (net)	10	-	1,028,599
Long-term loans and advances	11	189,476,887	104,244,819
Other non current assets	12	125,372,244	108,534,492
Current assets			
Current Investment	13	568,080,256	-
Inventories	14	475,262,359	269,025,633
Cash and bank balances	15	96,312,639	878,094,357
Short-term loans and advances	11	370,541,352	115,137,521
Other current assets	12	162,669,932	27,219,366
	Total	2,017,818,415	2,034,827,643
Notes forming part of the financial statements	1-35		

For MGB & Co. LLP

Chartered Accountants

Firm registration number 101169W/W-100035

M. V. Doshi
Executive Chairman

Vineet Suchanti
Director

Sanjay Kothari

Partner

Membership Number 048215

S. S. Gulati
Head-Corporate Affairs

G. B. Innani
GM (Legal) & Company Secretary

Place : Mumbai

Date : 02 May 2019

Place : Mumbai

Date : 02 May 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2019
(Amount in Rupees)

	Note	2019	2018
Income			
Revenue from operations	16	127,761,033	763,152,799
Other income	17	318,809,674	23,808,992
Total Revenue		446,570,707	786,961,791
Expenses			
Employee benefits expense	18	26,109,500	56,100,845
Finance costs	19	23,339,892	50,995,319
Depreciation	8	1,026,455	2,265,029
Other expenses	20	97,148,716	470,638,686
Provision on standard assets		1,059,528	(3,400,083)
Total Expenses		148,684,091	576,599,797
Profit before tax		297,886,616	210,361,995
Less: Tax expense			
- Current tax- current year		63,300,000	35,000,000
- earlier years		(8,243,274)	-
- Deferred tax		1,028,599	(822,568)
MAT Credit Entitlement- current year		-	20,963,597
Net Profit after tax		241,801,291	197,148,160
Earnings per equity share (face value Rs 10/- each)	26		
(1) Basic		19.25	16.12
(2) Diluted		19.25	16.05
Notes forming part of the financial statements	1-35		

As per our attached report of even date

For MGB & Co. LLP

Chartered Accountants

Firm registration number 101169W/W-100035

Sanjay Kothari

Partner

Membership Number 048215

Place : Mumbai

Date : 02 May 2019

For and on behalf of the Board
M. V. Doshi

Executive Chairman

Vineet Suchanti

Director

S. S. Gulati

Head-Corporate Affairs

G. B. Innani

GM (Legal) & Company Secretary

Place : Mumbai

Date : 02 May 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	2019	(in Rupees) 2018
A. Cash flow from operating activities		
Profit before tax	297,886,616	210,361,995
Adjustments for:		
Depreciation and amortization expense	1,026,455	2,265,029
Interest expenses	11,447,911	42,408,997
(Profit)/ loss on sale/ discard of property, plant and equipments	3,301,788	(57,406)
ESOP compensation written back	576,576	(576,576)
Contingency provision for standard assets	1,059,528	(3,400,083)
Bad debts and advances written Off	45,202,377	431,142,550
Investments written off	25,000,000	-
Interest income	(16,669,424)	(18,186,976)
Operating profit before working capital changes	<u>368,831,827</u>	<u>663,957,531</u>
Adjustments for:		
Decrease / (increase) in inventories	(206,236,726)	156,874,589
Decrease / (increase) in trade and other receivables	(99,820,596)	(53,939,868)
Increase / (decrease) in trade and other payables	(2,041,438)	(127,725,453)
Cash generated from operations	<u>60,733,067</u>	<u>639,166,798</u>
Direct tax paid (net of refunds)	(62,621,794)	(62,347,654)
Net cash used in operating activities (A)	<u>(1,888,727)</u>	<u>576,819,144</u>
B. Cash flow from investing activities		
Purchase of property, plant and equipments	-	(9,517,187)
Sale of property, plant and equipments	11,841,000	1,500,000
Purchase/ sale of long-term investments (net)	460,270,867	159,447,560
Purchase/ sale of current investments (net)	(568,080,256)	-
Advance given for purchase of preference shares	(78,650,000)	-
Increase/ (decrease) in bank deposits and other bank balances	530,595,416	(452,034,692)
Loans given (net)	(310,104,303)	361,701,313
Interest received	19,682,797	16,701,872
Net cash used in investing activities (B)	<u>65,555,521</u>	<u>77,798,866</u>
C. Cash flow from financing activities		
Proceeds from issue of equity share capital including premium	16,740,500	17,880,000
Increase/(Decrease) in Short term Borrowings (net)	(198,818,246)	(396,380,743)
Interest expenses	(12,062,555)	(44,108,278)
Dividend paid	(75,712,795)	(29,328,390)
Net cash used in financing activities (C)	<u>(269,853,096)</u>	<u>(451,937,411)</u>
Net changes in cash and cash equivalents (A+B+C)	<u>(206,186,302)</u>	<u>202,680,600</u>
Cash and cash equivalents at the beginning of the year	<u>246,136,249</u>	<u>43,455,649</u>
Cash and cash equivalents at the end of the year	<u>39,949,947</u>	<u>246,136,249</u>
Notes:		
1. Previous year figures have been regrouped or recast wherever, considered necessary		
2. Cash and cash equivalents consists of :		
Balances with banks:		
in current accounts	39,942,332	246,136,005
Cash in hand	7,615	244
Total	<u>39,949,947</u>	<u>246,136,249</u>

As per our attached report of even date

For and on behalf of the Board

For MGB & Co. LLP

Chartered Accountants

Firm registration number 101169W/W-100035

Sanjay Kothari

Partner

Membership Number 048215

M. V. Doshi

Executive Chairman

Vineet Suchanti

Director

S. S. Gulati

Head-Corporate Affairs

G. B. Innani

GM (Legal) & Company Secretary

Place : Mumbai

Date : 02 May 2019

Place : Mumbai

Date : 02 May 2019

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate Information

LKP Finance Limited, incorporated in the State of Maharashtra is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank and is listed on Bombay Stock exchange (BSE) of India. The Company is engaged in the business of finance and trading in shares and securities, derivatives etc.

2 Significant Accounting Policies

i Basis of preparation

The financial statements are prepared on going concern basis in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply in all material aspects with its accounting standards specified under Section 133 of the Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016, the provisions of the Act) and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year

ii Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of the financial statements and the reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Any revision to estimates is recognised in the period in which the results are known/materialized.

iii Property, Plant and Equipments

Property, Plant and Equipments are stated at cost less accumulated depreciation, and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

iv Depreciation on Property, Plant and equipments

- (a) Depreciation on Property, Plant and equipments is provided on straight line method based on the useful life specified in Schedule II of the Companies Act, 2013.
- (b) Leasehold improvements are amortised over the period of lease.

v Impairment of Property, Plant and Equipments

At each Balance Sheet date, the Company reviews the carrying amount of assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and

value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

vi Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets till the time such assets are ready for its intended use or sale are capitalised as part of the cost of the assets. All other borrowing costs are expensed in the period they occur.

vii Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

viii Investments

- (a) Investments intended to be held for more than one year, from the date of acquisition, are classified as long term and are carried at cost. All other investments are considered as current investments. Provision for diminution in value of long term investments is made to recognize a decline other than temporary. Current investments are carried at cost or market value, whichever is lower.
- (b) Unquoted investments are valued at cost and provision for diminution in the value of investments is made based on the guidelines prescribed by the Reserve Bank of India or based on the judgement of the management, whichever is higher.

ix Inventories

Shares and Securities acquired with intention of trading are considered as stock-in-trade and are valued at cost or market value, whichever is lower. Cost is determined on weighted average cost basis.

x Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (a) Interest income is recognised on a time proportion basis considering the amount outstanding and the applicable interest rate.
- (b) Dividend income is recognized when the Company's right to receive dividend is established.
- (c) Profit or loss on sale of investments/ inventories are recognised on sale net of cost determined on weighted average cost

xi Non – Performing Assets (NPA)

The Company follows the directions of Reserve Bank of India on Prudential Norms for income recognition, provisioning for bad and doubtful debts, provision for contingencies,

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Accounting of investments etc.

xii Foreign currency transactions

- (a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of such transaction. Foreign currency monetary assets and liabilities are translated using the exchange rate prevailing at the reporting date. Non-monetary foreign currency items are carried at cost.
- (b) Gains or losses arising on settlement/translation of foreign currency monetary assets and liabilities at the year-end rate are recognized in the Statement of Profit and Loss.

xiii Derivative transactions

- (a) Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/ Stock Futures/ Commodity futures and Equity Index/ Stock Options/ Commodity Options which are released on final settlement/squaring-up of underlying contracts are disclosed under Other current assets/ Other current liabilities.
- (b) "Equity Index/Stock Option Premium/ Commodity Option Premium" represents premium paid or received for buying or selling the options, respectively.
- (c) On final settlement or squaring up of contracts for Equity Index / Stock Futures/ Commodity Futures, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the Statement of Profit and Loss.
- (d) On settlement or squaring up of Equity Index / Stock Options/ Commodity Options before expiry, the premium prevailing in "Equity Index/Stock Option/ Commodity Option Premium" on that date is recognised in the Statement of Profit and Loss.

xiv Retirement and other employee benefits

- (a) Short-term employee benefits are expensed at the undiscounted amount in the Statement of profit and loss, in the year the employee renders the service.
- (b) Post employment and other long term employee benefits are recognised as an expense in the Statement of profit

and loss at the present value of the amount payable determined using actuarial valuation techniques in the year the employee renders the service. Actuarial gains and losses are charged to the Statement of profit and loss.

- (c) Payments to defined contribution retirement benefit schemes are expensed as and when they fall due.

xv Accounting for taxes on income

- (a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year as per the provisions of the Income Tax Act, 1961.
- (b) Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates and laws.
- (c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

xvi Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

xvii Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
3 Share Capital

(Amount in Rupees)

	2019	2018
Authorised		
1,000,000 (1,000,000) Redemable Cumulative Preference Shares of Rs 100/- each	100,000,000	100,000,000
20,000,000 (20,000,000) Equity Shares of Rs 10/- each	200,000,000	200,000,000
	<u>300,000,000</u>	<u>300,000,000</u>
Issued,Subscribed and Paid up		
12,568,623 (12,421,523) Equity Shares of Rs 10/- each	125,686,230	124,215,230
Total	<u>125,686,230</u>	<u>124,215,230</u>

a) Reconciliation of number of equity shares and equity share capital (face value of Rs 10 each)

	2019		2018	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	12,421,523	124,215,230	12,198,023	121,980,230
Shares allotted on ESOP	147,100	1,471,000	223,500	2,235,000
Shares outstanding at the end of the year	12,568,623	125,686,230	12,421,523	124,215,230

b) Details of Shareholders holding more than 5% equity shares in the Company.

Name of Shareholder	2019		2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr Mahendra V Doshi	1,649,363	13.12	1,648,763	13.27
Mr Mahendra V Doshi-Partner M/s L K Panday	2,059,404	16.39	2,059,204	16.58
Sea Glimpse Investments Private Limited	2,547,515	20.27	2,547,515	20.51
Bhavana Holdings Private Limited	1,409,505	11.21	1,409,505	11.35
Dakshin Mercantile Private Limited	3,074,410	24.46	-	-
Agrud Capital Pte Limited	-	-	727,489	5.86

c) There are no bonus shares issued, shares issued for consideration other than cash or shares bought back during 5 years preceding 31 March 2019.

d) Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution would be in proportion to the number of equity shares held by the shareholders.

e) Employee Stock Option Scheme
(i) Employee Stock Option Scheme 2010

The Company had instituted an Employee Stock Option Plan ("ESOP 2010 or "the Scheme") as approved by Board of Directors and Shareholders of the Company. Under the scheme, 3,90,000 Stock Options were granted at a pricing of 5% discount on the average closing price of the Company's shares on BSE during the last 15 days preceding the date of grant of options to the employees of the Company and of its subsidiaries. The options vested would be exercisable at any time within a period of five years from the date of vesting and the equity shares arising on exercise of options shall not be subject to any lock in. The said Scheme is administered by the Nomination and Remuneration Committee of the Board. There are no option outstanding as at 31 March 2019.

During the year ended 31 March 2019, the Company did not grant any stock option. Out of the options granted 132,600 stock options had been exercised.

Summary of stock options outstanding is as follows :

	2019	2018
Options at the beginning of the year	132,600	261,300
Options exercised during the year	132,600	-
Options lapsed during the year	-	128,700
Options at the end of the year	<u>-</u>	<u>132,600</u>

(ii) Employee Stock Option Scheme 2010

The Company had instituted a new Employee Stock Option Plan ("ESOP 2010 or "the Scheme") as approved by Board of Directors and Shareholders of the Company. Under the scheme, 447,000 Stock Options were granted at a price of Rs 80/- per option to the employees of the Company and of its subsidiaries. The options vested would be exercisable at any time within a period of five years from the date of vesting and the equity shares arising on exercise of options shall not be subject to any lock in. The said Scheme is administered by the Nomination and Remuneration Committee of the Board. There are no option outstanding as at 31 March 2019. During the year ended 31 March 2019, the Company did not grant any stock option. Out of the options granted 14,500 stock options had been exercised.

Summary of stock options outstanding is as follows :

	2019	2018
Options at the beginning of the year	14,500	240,500
Options exercised during the year	14,500	223,500
Options lapsed during the year	-	2,500
Options at the end of the year	<u>-</u>	<u>14,500</u>

(iii) Employee Stock Option Scheme 2014

The Company has instituted an Employee Stock Option Plan ("ESOP 2014" or "the Scheme") as approved by Board of Directors and Shareholders of the Company, for issuance of 775,000 Stock Options Convertible in equivalent number of equity shares of Rs.10 each to the employees of the Company and of its subsidiaries. Out of 610,000, 610,000 options were granted and vested during 31 March 2015 at a price of Rs 80/- per option. The options vested would be exercisable at any time within a period of three years from the date of vesting and the equity shares arising on exercise of options shall not be subject to any lock in. The said Scheme is administered by the Nomination and Remuneration Committee of the Board. There are no option outstanding as at 31 March 2019.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019
4 Reserves and Surplus

	2019	2018
Securities Premium Account		
As per last balance sheet	15,645,000	-
Add: Received/ transfer on account of issue of ESOP	16,440,126	15,645,000
	<u>32,085,126</u>	<u>15,645,000</u>
Special Reserve Fund- As per RBI guidelines for NBFCs		
As per last balance sheet	412,466,203	373,036,571
Add: Transfer from Statement of Profit and Loss	48,360,258	39,429,632
	<u>460,826,461</u>	<u>412,466,203</u>
General Reserve		
As per last balance sheet	614,605,640	614,605,640
	<u>614,605,640</u>	<u>614,605,640</u>
Employees Stock Options (ESOPs)		
As per last balance sheet	594,050	1,170,626
Less: Transfer on account of allotment of ESOP	594,050	576,576
	<u>-</u>	<u>594,050</u>
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	288,649,268	130,930,739
Add: Profit for the year	241,801,291	197,148,160
	<u>530,450,559</u>	<u>328,078,899</u>
Less : Appropriations		
Transfer to Special Reserve Fund	48,360,258	39,429,632
Dividend paid- final	25,137,246	-
- interim	37,705,869	-
Tax on Dividend	12,869,680	-
	<u>406,377,506</u>	<u>288,649,268</u>
Total	<u><u>1,513,894,733</u></u>	<u><u>1,331,960,161</u></u>

5 Short Term Borrowings

	2019	2018
Secured		
From banks		
Cash Credit/ overdraft (Refer note (a), (b), (c))	-	198,818,246
Unsecured		
Intercompany borrowings (Refer note (d))	359,665,031	359,665,031
Total	<u><u>359,665,031</u></u>	<u><u>558,483,277</u></u>

- (a) Cash Credit/ Overdraft from Bank of India of Rs Nil (Rs 71,629,349) are secured against pledge of approved debt securities rated 'A' and above with 15% margin, fixed deposit with the bank and personal guarantee of the Promoter. The loan is repayable on demand and carries interest of 12% p.a. (one year MCLR+ BSS+CRP)
- (b) Cash Credit from Federal Bank Limited of Rs Nil (Rs 123,294,076) are secured against pledge of bonds in CGSL account with Federal bank Limited. The loan is repayable on demand and carries interest of 10.95% (one year MCLR)
- (c) Overdraft from Federal Bank Limited of Rs Nil (Rs 3,894,821) are secured against pledge of fixed deposit with banks. The loan is repayable on demand. It carries interest 7.25% - 7.80% at monthly rests
- (d) Intercompany borrowings of Rs 359,665,031 (Rs 359,665,031) is considered interest free and repayable on demand in the absence of term sheet and confirmation.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

6	Short- term provisions		
		2019	2018
	Contingency provisions on standard assets	1,521,786	462,258
	Total	1,521,786	462,258
7	Other liabilities		
		2019	2018
	Other current liabilities		
	Interest accrued but not due on borrowings	157,067	771,711
	Provision for mark to market losses	-	387,992
	Statutory dues payable	3,157,411	3,189,797
	Unclaimed dividends	6,362,692	6,958,108
	Employee benefits payable	6,293,465	4,297,261
	Other payables		
	- Micro and small enterprises (Refer note 30)	1,080,000	1,080,000
	- Other than micro and small enterprises	-	3,021,848
	Total	17,050,635	19,706,717

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2019.

8 Property, Plant and Equipments

(Amount in Rupees)

	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2018	Additions	Deduction	As at 31 March 2019	Upto 31 March 2018	Depreciation	Deduction	Upto 31 March 2019	As at 31 March 2019	As at 31 March 2018
Property, Plant and Equipments										
Buildings	5,926,622	-	-	5,926,622	4,198,211	93,815	-	4,292,026	1,634,596	1,728,411
Furniture and Fixtures	2,675,000	-	2,675,000	-	467,468	106,855	574,323.00	-	-	2,207,532
Vehicles	17,010,213	-	17,010,213	-	3,326,088	799,140	4,125,228	-	-	13,684,125
Office Equipments	867,924	-	867,924	-	686,003	26,645	712,648.00	-	-	181,921
Computer	37,000	-	37,000	-	35,150	-	35,150.00	-	-	1,850
Total	26,516,759	-	20,590,137	5,926,622	8,712,920	1,026,455	5,447,349	4,292,026	1,634,596	17,803,839
Previous Year	22,619,322	9,517,187	5,619,750	26,516,759	10,625,047	2,265,029	4,177,156	8,712,920	17,803,839	-

Note : Buildings include cost of shares of Rs 500/- the value of shares in co operative societies

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019
9 Non current investments

	(Amount in Rupees)	
	2019	2018
Investment in Equity Instruments (Quoted)		
Equity Shares of face value of Re 1 each		
200,000 (200,000) Sintex Plastics Technology Limited	4,260,055	16,450,507
200,000 (200,000) Transformers and Rectifiers (India) Limited	2,495,861	8,728,626
Nil (250,000) Ganesh Benzoplast Limited	-	24,526,469
Nil (100,000) Mercator Limited	-	4,481,448
Equity Shares of face value of Rs 10 each		
206,750 (Nil) Religare Enterprises Limited	4,055,734	-
Nil (100,000) Aditya Birla Capital Limited	-	18,673,461
Nil (18,300) CESC Limited	-	18,362,356
Nil (119,308) Mcdowell Holdings Limited	-	3,990,853
Nil (51,000) Nilkamal Limited	-	26,360,490
Equity Shares of face value of Rs 2 each		
Nil (6,385,000) Jaiprakash Associates Limited	-	142,758,307
	10,811,650	264,332,517
Investment in Equity Instruments (Unquoted)		
Equity Shares of face value of Rs 10 each		
5,600 (5,600) The Hindustan Times Limited	1,256,500	1,256,500
NIL (500,000) Business India Limited	-	15,000,000
NIL (1,000,000) Primary Cuisine Private Limited	-	10,000,000
	1,256,500	26,256,500
Investment in wholly owned subsidiary company (face value of Rs 100 each)		
21,000 (21,000) Gayatri Cement and Chemical Industries Private Limited	16,400,000	16,400,000
	16,400,000	16,400,000
Investment in Non- Convertible Debentures		
1,000 (1,000) 10.5% Edelweiss Asset Reconstruction Company Limited of face value of Rs 100,000	-	100,000,000
	-	100,000,000
Investment in Mutual funds		
Nil (39,749) units of Essel Liquid fund- Regular Plan- Monthly dividend of Rs 1000 each	-	40,000,000
	-	40,000,000
Investment - Others		
Nil (56,750) Units of Edelweiss Credit Opportunities Fund of Rs. 1,000/- each	-	56,750,000
Nil (100) units of Oysterrock Capital Fund 1 of face value of Rs 100,000	-	10,000,000
	-	66,750,000
(All the above securities are fully paid up)		
Total	28,468,150	513,739,017
Aggregate book value of unquoted investments	17,656,500	249,406,500
Aggregate book value of quoted investments	10,811,650	264,332,517
Aggregate market value of quoted investments	12,772,450	276,454,419

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019
10 Deferred Tax Assets/ (Liabilities)

	(Amount in rupees)	
	2019	2018
Deferred Tax Asset		
Depreciation	-	1,028,599
Total	<u>-</u>	<u>1,028,599</u>

11 Loans and Advances

	Long Term		Short Term	
	2019	2018	2019	2018
Loans- Others				
- Unsecured	-	-	363,850,000	98,948,074
Advances (recoverable in cash or kind or for value to be received)				
Deposits- related parties	15,023,434	15,023,434	963,000	-
- others	610,000	1,593,000	-	-
Advance for purchase of investments (Refer note 27)	78,650,000	-	-	-
Other Advances	-	-	5,728,352	16,189,447
Balances with government authorities				
Advance direct tax (net of provisions)	28,873,672	21,308,604	-	-
Advance MAT Credit Entitlement	66,319,781	66,319,781	-	-
Total	<u>189,476,887</u>	<u>104,244,819</u>	<u>370,541,352</u>	<u>115,137,521</u>

12 Other Assets

	Non- Current		Current	
	2019	2018	2019	2018
Balances with bank in bank deposits (Refer note 15)	125,000,000	80,000,000	-	-
Interest receivable- on bank deposits	372,244	115,161	180,350	3,450,806
- on Investments and inventories	-	28,419,331	794,702	-
- on loans	-	-	5,279,030	2,417,796
Other receivables- related parties	-	-	100,000,000	-
- others	-	-	56,415,850	258,524
Stock Futures margin	-	-	-	21,092,240
Total	<u>125,372,244</u>	<u>108,534,492</u>	<u>162,669,932</u>	<u>27,219,366</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019
13 Current investments

	(Amount in Rupees)	
	2019	2018
Investment in Mutual funds		
Mutual fund of face value of Rs 10 each		
847,121 (Nil) units of Aditya Birla Sunlife Liquid Fund- Growth Regular Plan	250,000,000	-
10,812 (Nil) units of ICICI Prudential Liquid Fund- Growth	2,939,019	-
Mutual fund of face value of Rs 1000 each		
15,918 (Nil) units of Axis Liquid Fund- Growth	32,654,366	-
5,904 (Nil) units of DSP Liquid Fund- Regular Plan -Growth	15,613,912	-
7,525 (Nil) units of Edelweiss Liquid Fund- Regular Plan- Growth	16,872,960	-
69,190 (Nil) units of HDFC Liquid Fund- Regular Plan- Growth	250,000,000	-
Total	568,080,256	-

Net asset value as at 31 March 2019 Rs 576,035,710 (Rs Nil)

14 Inventories

	2019	2018
(valued at lower of cost and market value)		
Equity Shares	206,216,670	43,505,948
Bonds*	269,045,689	225,519,685
Total	475,262,359	269,025,633

* are marked as lien against secured loan from banks

15 Cash and bank balances

	2019	2018	2019	2018
Cash and cash equivalents				
Balances with bank				
in Current Accounts	-	-	39,942,332	246,136,005
Cash on hand	-	-	7,615	244
	-	-	39,949,947	246,136,249
Other bank balances				
Balances with bank				
in dividend accounts	-	-	6,362,692	6,958,108
in deposit accounts*	125,000,000	80,000,000	50,000,000	625,000,000
	125,000,000	80,000,000	56,362,692	631,958,108
Less: Amount disclosed under "Other assets" (Refer note 12)	125,000,000	80,000,000	-	-
	-	-	56,362,692	631,958,108
Total	-	-	96,312,639	878,094,357

* Rs 157,000,000 lien marked against secured loans taken from bank and Rs 18,000,000 given as bank guarantee to Enforcement Directorate

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

16 Revenue from Operations	(Amount in Rs)	
	2019	2018
Interest Income		
on loans	1,19,65,615	4,63,09,664
on debt securities	90,18,620	1,72,40,232
on non current investments	21,41,867	1,05,00,000
Income on trading in shares and securities(net)	64,07,081	30,52,35,646
Profit on sale on investments (net)	8,90,68,771	38,05,10,551
Dividend income	91,59,079	33,56,706
Total	12,77,61,033	76,31,52,799

17 Other Income		
	2019	2018
Interest - on fixed deposits	1,66,69,424	1,81,86,976
Bad debts recovered	-	22,98,961
Income on assignment of NPA (Refer note 32)	30,00,00,000	-
Miscellaneous Income	21,40,250	33,23,056
Total	31,88,09,674	2,38,08,993

18 Employee Benefits Expenses	(Amount in Rupees)	
	2019	2018
Salaries and allowances	2,53,70,481	5,37,19,134
Contribution and funds and others	36,429	(6,73,913)
ESOP compensation	5,76,576	(5,76,576)
Staff welfare expenses	1,26,014	36,32,200
Total	2,61,09,500	5,61,00,845

19 Finance Cost		
	2019	2018
Interest - borrowings	78,99,235	4,23,83,214
- others	35,48,676	25,783
Bank and financial charges	1,18,91,981	85,86,321
Total	2,33,39,892	5,09,95,319

20 Other Expenses		
	2019	2018
Rent	30,16,132	31,34,612
Repairs - others	1,09,631	22,51,428
Directors fees	3,26,400	3,22,000
Travelling and conveyance expenses	12,23,200	11,46,491
Communication expenses	7,34,137	7,85,750
Legal and professional charges	71,78,121	1,41,06,801
Printing and stationery	2,12,617	2,29,233
Auditors remuneration :		
Audit fees	10,00,000	10,00,000
Certification and Other Matters	3,54,750	79,356
Commission expenses	7,03,449	86,12,000
Corporate Social Responsibility expenses (refer note 23)	35,00,000	35,00,000
Bad debts and advances written off (net)	4,52,02,377	43,11,42,550
Investments written off	2,50,00,000	-
Loss on sale/ discard of property, plant and equipments	33,01,788	-
Advertisement expenses	1,45,281	61,135
Miscellaneous expenses	51,40,832	42,67,330
Total	9,71,48,716	47,06,38,686

21 Contingent Liabilities and Litigations
(a) Contingent Liabilities

- (i) Against a penalty order for Rs 18,000,000/- received from the Enforcement Directorate in respect of a matter which arose in 1996 pertaining to the erstwhile money changing division of the Company, the Company has preferred an appeal in the Honorable Madras High Court. The Company has provided a bank guarantee to cover the demand. The matter is pending. The Management is of the opinion that a cash outflow is unlikely and therefore no provision is considered necessary.

(b) Litigations

- (i) A winding up petition filed by the Company against a borrower has been admitted by the Honourable High court of Mumbai. The recovery if any will be accounted for when the money is received from official Liquidator.
- (ii) The Company has filed an arbitration case Rs. 2,510,744/- against borrowers for which it has received a favourable award from the arbitrators. The opposing parties have filed an appeal in the Honourable High court of Mumbai for which the matter is pending.

- 22 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

The Employees' Gratuity Fund Scheme managed by LIC of India is a defined benefit plan. The present value of obligation is based on actuarial valuation using the projected unit credit method. The obligation for leave benefits (non-funded) is also recognized using the projected unit credit method.

Disclosure of Gratuity (funded) in terms of AS 15 is as under:

I Expenses recognized in the Statement of Profit and Loss

	2019	2018
Current Service cost	1,66,931	1,74,464
Interest Cost	4,54,671	2,75,016
Past service- Vested benefits	-	20,91,668
Expected return on plan assets	(7,52,093)	(6,08,746)
Actuarial (gain) / loss on obligation	(2,44,352)	(1,06,573)
Actuarial (gain) / loss on planned assets	1,05,853	(53,112)
Expenses recognized in the Statement of Profit and Loss	(2,68,990)	17,72,717

II Net Asset / (Liability) recognized in the Balance Sheet as at 31 March 2019

	2019	2018
Present value of obligation as at 31 March 2019	63,99,381	60,22,131
Fair value of plan assets as at 31 March 2019	1,11,07,733	94,61,493

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

Net Assets/(Liability) recognized in the Balance Sheet and disclosed under Short- Term Advances / (Provisions)

III Change in the Present value of obligation

	2019	2018
Present value of Obligation as at beginning of the year	60,22,331	44,18,525
Current service cost	1,66,931	1,74,464
Interest cost	4,54,671	2,75,016
Past service- Vested benefits	-	20,91,668
Benefit paid	-	(8,30,769)
Actuarial (gain) / loss on obligation	(2,44,352)	(1,06,573)
Present value of Obligation as at the end of the year	63,99,581	60,22,331

IV Change in Fair Value of Plan Assets

	2019	2018
Fair value of plan assets at beginning of the year	94,61,493	73,00,466
Adjustment to opening balance	-	25,628
Contributions	10,00,000	23,04,310
Benefit paid	-	(8,30,769)
Fair value of plan assets at year end	1,04,61,493	87,99,635
Actual return on plan assets	6,46,240	6,61,858

V Investment details

	2019	2018
Insurer Managed Funds	1,04,61,493	87,99,635

VI Actuarial assumptions

	2019	2018
Mortality Table (IALM)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate(per annum)	7.35%	7.55%
Expected rate of return on plan assets (per annum)	7.00%	7.00%
Rate of escalation in salary (per annum)	5.00%	5.00%

Notes

- i) Amounts recognized as an expense and included in Note 18 "Employee benefits expense" are Gratuity written back Rs. 268,990 (Rs 1,135,052)
- ii) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- iii) "Contribution to provident and other funds" is recognized as an expense in Note 18 "Employee benefits expense" of the Statement of Profit and Loss.

23 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The Company is required to spend Rs.3,032,013/- against which Rs 3,500,000/- has been spent on activities specified in Schedule VII of the Companies Act, 2013.

24 Prior year items Included in respective heads are as under:

	2019	2018
Interest Income		
- On loans	-	79,20,000
-On debt Securities	-	65,84,712
Expenses		
Legal and Professional fees	11,72,000	-
ESOP compensation	5,76,576	-
Gratuity written back	-	28,81,941

25 Managerial Remuneration.

a) Remuneration to Executive Chairman Mr M V Doshi

	(Amount in Rs)	
	2019	2018
Salary and Allowances	65,00,000	60,38,400
Provident fund contribution	21,600	21,600
Commission	81,00,000	19,00,000
Total	1,46,21,600	79,60,000

b) Sitting Fees to Directors:

Rs 326,400 - Net (Previous year: Rs 322,000)

26 Earnings per share

	2019	2018
Profit after Tax	24,18,01,291	19,71,48,160
Weighted Average Number of Shares Outstanding- Basic	1,25,62,419	1,22,33,538
Weighted Average Number of Shares Outstanding- Diluted	1,25,62,419	1,22,82,762
	Rs. Ps.	Rs. Ps.
Earnings per share (Basic)	19.25	16.12
Earnings per share (Diluted)	19.25	16.05
Face Value per Share	10.00	10.00

27 Other Commitments

a) During the year, the Company has entered into an memorandum of understanding to purchase 2,900 Equity shares based on the valuation to be determined by the valuer after due diligence. The Company has given advance of Rs 78,650,000 towards purchase of 786,500 preference shares of Rs 100 each which would also be transferred after the agreement for sale has been entered.

b) Uncalled amount on investments is Rs Nil (Rs 43,250,000/-)

28 Related Party Transactions:

Subsidiary Company: Gayatri Cement & Chemical Industries Private Limited (100% Shareholding)

Key Management Personnel:

1. Mr. M. V. Doshi
2. Mr. G. B. Innani
3. Mr. S. S. Gulati

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

Other related parties with whom transactions have taken place during the year

MKM Share and Stock Brokers Limited, LKP Securities Limited

Transactions with Related Parties:

	(Amount in Rupees)	
	2019	2018
A) Transactions		
Interest Expenses		
Other related parties	-	50,90,192
Interest Income		
Other related parties	75,89,398	13,35,205
Brokerage paid		
Other related parties	10,64,820	56,71,782
Remuneration to Key Management Personnel		
Key management personnel	2,23,36,375	1,62,85,250
Sale of Property, Plant and Equipments		
Other related parties	1,18,41,000	-
Sale of Investments		
Other related parties	11,00,00,000	-
Income on assignment of NPA		
Other related parties	30,00,00,000	-
Loans given		
Other related parties	4,68,60,00,000	7,00,00,000
Short term borrowings		
Other related parties	-	1,00,00,000
Repayment received of loans given		
Other related parties	4,68,60,00,000	7,00,00,000
Repayment of Short term borrowings		
Other related parties	-	7,00,00,000
B) Balances as at 31 March, 2019		
Loans and Advances		
Other related parties	-	1,27,20,043
Investments made		
Subsidiary company	1,64,00,000	1,64,00,000
Deposits given		
Subsidiary company	1,50,23,433	1,50,23,433
Other receivables		
Other related parties	10,00,00,000	-

- 29 a) Provision for current tax has been made as per the provisions of the Income Tax Act, 1961.
- b) In accordance with AS – 22 on “Accounting for Taxes on Income” issued by the ICAI, deferred tax assets and liability is recognized for all timing differences, in accordance with the said standard. However, deferred tax asset has not been created on tax losses of Rs 426,921,610/- in absence of convincing evidence to generate sufficient future taxable profits in foreseeable future.

c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future taxable benefits associated with it will flow to the Company and the assets can be measured reliably. The Company has unrecognized MAT credit entitlement as on 31 March 2019 of Rs 198,049,929/-

30 Other payables includes amount payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA), which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities.

	2019	2018
Principal amount remaining unpaid to any supplier as at the year end	10,80,000	10,80,000
Interest due thereon	Nil	Nil
Amount of interest paid by the company in terms of section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

31 Segment reporting

The Company has only one business, i.e. engaged in investment and financing activities and hence “Segment Reporting” as defined in Accounting Standard 17 is not applicable.

32 Other income

Other income includes Income on assignment of NPA:

Details of non performing financial assets sold	(Amount in Rupees)
No. of accounts sold	4
Aggregate outstanding*	Nil
Aggregate consideration received	30,00,00,000
* written off in earlier years	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

33 Dividend on Equity shares

The board proposed dividend on equity shares after the balance sheet date

	2019	2018
Proposed dividend on equity shares for the year ended on 31 March, 2019: Rs.Nil/-per share (Rs.2 per share)	-	2,48,43,046
Dividend Distribution Tax on proposed dividend	-	50,58,044
Interim Dividend paid	3,77,05,869	-
Dividend Distribution Tax on interim dividend	77,52,327	-

34 Balance Sheet of a non deposit taking non-banking Financial company(As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms {Reserve Bank} Directions, 2007)

Liabilities Side:

Liabilities :

1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:

	Amount outstanding	Amount overdue
(a) Debentures : Secured	-	-
: Unsecured (other than falling within the meaning of public deposits)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-corporate loans and borrowing	35,96,65,031	-
(e) Commercial Paper	-	-
(f) Public Deposits	-	-
(g) Other Loans	-	-

2. Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :

- (a) In the form of Unsecured debenture
- (b) In the form of partly secured debenture i.e. debentures where there is a shortfall in the value of security
- (c) Other public deposits

Assets :

	Amount outstanding
3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	
(a) Secured	-
(b) Unsecured	84,80,60,414

4. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities

(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-

5. Break-up of Investments :

Current Investments :

Quoted :

(i) Shares :	(a) Equity *	20,62,16,670
	(b) Preference	-
(ii) Debentures and Bonds*		26,90,45,689
(iii) Units of mutual funds		56,80,80,256
(iv) Government Securities		-
(v) Others - Certificate of Deposits		-

Unquoted :

(i) Shares :	(a) Equity	-
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others		-

Long Term Investments :

Quoted :

(i) Shares :	(a) Equity	1,08,11,650
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others		-

Unquoted :

(i) Shares :	(a) Equity	1,76,56,500
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others		-

***Current Investments - equity and bonds shown above are held as Stock in Trade**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

6. Borrower group-wise classification of assets financed as in (3) and (4) above :

Category	Amount net of provisions		
	Secured	Unsecured	Total
Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
Other than related parties	Nil	Nil	Nil
Total	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value / Break up or fair value or NAV	Amount (Rs.)
		Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	1,64,00,000	1,64,00,000
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	<u>1,11,83,05,368</u>	<u>1,07,18,10,765</u>
	1,13,47,05,368	1,08,82,10,765

** As per Accounting Standard of ICAI

As per our attached report of even date

For MGB & Co. LLP

Chartered Accountants

Firm registration number 101169W/W-100035

Sanjay Kothari

Partner

Membership Number 048215

Place : Mumbai

Date : 02 May 2019

8. Other Information

	Amount (Rs.)
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	-
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	-

35 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures. Figures in brackets pertain to previous year.

For and on behalf of the Board

M. V. Doshi

Executive Chairman

Vineet Suchanti

Director

S. S. Gulati

Head-Corporate Affairs

G. B. Innani

GM (Legal) & Company Secretary

Place : Mumbai

Date : 02 May 2019

INDEPENDENT AUDITOR’S REPORT

To
The Members of
LKP Finance Limited

Report on the Audit of Consolidated Financial Statements

1. Opinion

We have audited the accompanying Consolidated financial statements of **LKP Finance Limited** (‘the Holding Company’) and its subsidiary company (the Holding Company and its subsidiary together referred to as “the Group”), which comprise the Balance Sheet as at 31 March 2019, the Statement of profit and loss (including other comprehensive income) and Statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as “consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements and on the other financial information of subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31 March 2019, and their consolidated profit and their consolidated cash flows for the year ended on that date.

2. Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) prescribed under Section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its subsidiary company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 March 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Response to Key Audit Matter
<p>Evaluation of Other income of Rs 30 crores</p> <p>The Company had during the year assigned non performing assets written off in earlier years to a related party.</p>	<p>Principal Audit Procedures</p> <p>We obtained the relevant assignment deeds entered into by the Company for assignment of four Non-Performing Assets (NPA’s). These NPA’s had been written off in earlier years. The Company has also received shareholders’ approval vide resolution dated 20 March 2018 for assignment of these accounts to a related party with a total consideration of Rs 30 crores.</p> <p>The consideration on assignment has been received from the related party during the year</p> <p>We have considered and exercised our professional judgement and concluded that the amount is recognized as other income</p>
<p>Non recognition of Deferred tax assets on carried forward tax losses and MAT credit entitlement</p> <p>The Company’s ability to recover deferred tax assets and MAT credit entitlement are assessed by management at the close of each financial year taking into account availability of sufficient future taxable income.</p>	<p>We have considered the recoverability of such deferred tax assets on tax losses carried forward and MAT credit entitlement as a key audit matters due to the importance of management’s estimation and judgment and the materiality of amounts at stake.</p> <p>We reviewed the evaluation process of deferred tax assets on tax losses carried forward and MAT credit entitlement implemented by the Management.</p> <p>We assessed the permanence of methods used, the relevance and consistency of underlying assumptions (like earnings growth and applicable tax rates) and tested the arithmetic accuracy.</p> <p>We assessed the probability that the company may not use in the future its deferred tax assets and MAT credit entitlement, particularly with regard to the ability of the Company to generate sufficient future taxable profits in a foreseeable future allowing the use of existing tax losses carried forward and MAT credit entitlement.</p>

4. Information Other than the Consolidated Financial Statements and Auditor’s Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board' Report, Corporate Governance and Shareholder's Information but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Holding Company and of its subsidiary company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

6. Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary Companies which are companies incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Other Matter

We did not audit the financial statements of the subsidiary company whose financial statements reflect total assets of Rs 13.08 lakhs as at 31 March 2019, total revenues of Rs 3.44 lakhs, total net loss after tax of Rs 1.67 lakhs and total net cash inflows of Rs 0.41 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary company and our report in terms of Section 143(3) of the Act, in so far as it relates to the subsidiary company is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

8. Report on other Legal and Regulatory requirements

- I. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated balance sheet, the consolidated statement of profit and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) On the basis of written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - ii. The Group and its subsidiaries did not have any material foreseeable losses on long-term contracts including derivative contracts; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, incorporated in India.

For MGB & Co LLP

Chartered Accountants

Firm Registration Number 101169W/W-100035

Sanjay Kothari

Partner

Membership Number 048215

Mumbai, 2 May 2019

Annexure - A to the Independent Auditor's Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 8(I)(f) under "Report on other Legal and Regulatory requirements" of our report of even date to the members of LKP Finance Limited on the consolidated financial statements for the year ended 31 March 2019**

We have audited the internal financial controls over financial reporting of **LKP Finance Limited** ("the Holding Company") and its subsidiary company, incorporated in India as of 31 March 2019, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on "Audit of Internal Financial Controls over Financial Reporting" (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial

controls system over financial reporting of the Holding Company and its subsidiary companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors as referred to in Other Matters paragraph below, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary company incorporated in India, is based on corresponding report of the auditor of such company incorporated in India. Our opinion is not modified in respect of this matter.

For MGB & Co LLP

Chartered Accountants

Firm Registration Number 101169W/W-100035

Sanjay Kothari

Partner

Membership Number 048215

Mumbai, 2 May 2019

Consolidated Balance Sheet as at 31 March, 2019

	Note	(Amount in Rupees)	
		2019	2018
EQUITY AND LIABILITIES :			
Shareholders' funds			
Share capital	3	125,686,230	124,215,230
Reserves and surplus	4	1,495,111,846	1,313,344,353
Non-current liabilities			
Long term Borrowings	5	1,650,000	1,650,000
Current liabilities			
Short-term borrowings	6	359,665,031	558,483,277
Short-term provisions	7	1,521,786	462,258
Trade Payables	8	-	302,500
Other current liabilities	8	18,368,268	20,266,717
Total		2,002,003,161	2,018,724,335

Notes forming part of the financial statements 1-34

As per our attached report of even date
For MGB & Co. LLP
Chartered Accountants
Firm registration number
101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

For and on behalf of the Board
M. V. Doshi **Vineet Suchanti**
Executive Chairman Director

S. S. Gulati
Head-Corporate Affairs

G. B. Innani
GM (Legal) & Company Secretary

Place : Mumbai
Date : 02 May 2019

Place : Mumbai
Date : 02 May 2019

Statement of Consolidated Profit and loss for the year ended 31 March, 2019

	Note	(Amount in Rupees)	
		2019	2018
Income			
Revenue from operations	17	128,105,238	763,192,125
Other income	18	318,809,674	23,808,993
Total Revenue		446,914,912	787,001,118
Expenses			
Employee benefits expense	19	26,109,500	56,100,845
Finance costs	20	23,735,893	51,391,841
Depreciation	9	1,088,273	2,333,716
Other expenses	21	97,202,181	470,694,601
Excess provision on standard assets written back		1,059,528	(3,400,083)
Total Expenses		149,195,375	577,120,920
Profit before tax		297,719,537	209,880,198
Less: Tax expense			
- Current tax- current year		63,300,000	35,000,000
- earlier years		(8,243,274)	-
- Deferred tax		1,028,599	(822,568)
MAT Credit Entitlement - current year		-	20,963,597
Net Profit after tax		241,634,212	196,666,363
Earnings per equity share (face value Rs 10/- each)			
(1) Basic	23	19.23	16.08
(2) Diluted		19.23	16.01

Notes forming part of the financial statements 1-34

As per our attached report of even date
For MGB & Co. LLP
Chartered Accountants
Firm registration number
101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place : Mumbai
Date : 02 May 2019

For and on behalf of the Board
M. V. Doshi **Vineet Suchanti**
Executive Chairman Director

S. S. Gulati
Head-Corporate Affairs

G. B. Innani
GM (Legal) & Company Secretary

Place : Mumbai
Date : 02 May 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	(Amount in Rupees)	
	2019	2018
A. Cash flow from operating activities		
Profit before tax	297,719,537	209,880,198
Adjustments for:		
Depreciation and amortization expense	1,088,273	2,333,716
Interest expenses	11,843,912	42,805,048
(Profit)/ loss on sale/ discard of property, plant and equipments	3,301,788	(57,406)
ESOP compensation written back/ off	576,576	(576,576)
Contingency provision for standard assets	1,059,528	(3,400,083)
Bad debts and advances written Off	45,202,377	431,142,550
Investments written off	25,000,000	
Interest income	(16,669,424)	(18,186,976)
Operating profit before working capital changes	369,122,567	663,940,471
Adjustments for:		
Decrease / (increase) in inventories	(206,236,726)	156,874,589
Decrease / (increase) in trade and other receivables	(99,820,601)	-53,939,868
Increase / (decrease) in trade and other payables	(1,616,575)	(127,399,316)
Cash generated from operations	61,448,665	639,475,876
Direct tax paid (net of refunds)	(62,621,794)	(62,347,654)
Net cash used in operating activities (A)	(1,173,129)	577,128,222
B. Cash flow from investing activities		
Purchase of property, plant and equipments	-	(9,517,187)
Sale of property, plant and equipments	11,841,000	1,500,000
Purchase/ sale of long-term investments (net)	459,961,257	159,447,560
Purchase/ sale of current investments (net)	(568,080,256)	
Advance given for purchase of preference shares	(78,650,000)	
Increase/ (decrease) in bank deposits	530,595,416	(452,034,692)
Repayment received of Loans given (net)	(310,104,303)	361,701,314
Interest received	19,682,796	16,701,872
Net cash used in investing activities (B)	65,245,911	77,798,867
C. Cash flow from financing activities		
Proceeds from issue of equity share capital including securities premium	16,740,500	17,880,000
Increase/(Decrease) in short term borrowings (net)	(198,818,246)	(396,380,743)
Interest expenses	(12,428,286)	(44,504,329)
Dividend paid	(75,712,795)	(29,328,390)
Net cash used in financing activities (C)	(270,218,826)	(452,333,462)
Net changes in cash and cash equivalents (A+B+C)	(206,146,043)	202,593,627
Cash and cash equivalents at the beginning of the year	246,177,155	43,583,528
Cash and cash equivalents at the end of the year	40,031,112	246,177,155
Notes:		
1. Previous year figures have been regrouped or recast wherever, considered necessary		
2. Cash and cash equivalents consists of :		
Balances with banks:		
in current accounts	40,023,497	246,176,911
Cash in hand	7,615	244
Total	40,031,112	246,177,155

As per our attached report of even date
For MGB & Co. LLP
 Chartered Accountants
 Firm registration number
 101169W/W-100035

Sanjay Kothari
 Partner
 Membership Number 048215

For and on behalf of the Board
M. V. Doshi **Vineet Suchanti**
 Executive Chairman Director

S. S. Gulati
 Head-Corporate Affairs

G. B. Innani
 GM (Legal) & Company Secretary

Place : Mumbai
 Date : 02 May 2019

Place : Mumbai
 Date : 02 May 2019

Notes to Consolidated financial statements for the year ended 31 March,2019
1. Basis of preparation

The Consolidated Financial Statements relate to LKP Finance Limited (the Company) and its subsidiary (together referred to as the 'Group'). The Consolidated financial statements are prepared on accrual basis under the historical cost convention, in accordance with generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards specified in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC').

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year .

The notes and significant accounting policies to the Consolidated Financial Statement are intended to serve as a guide for better understanding of the Company's position. In this respect, the Holding Company has disclosed such notes which represent the required disclosure.

(i) Principles of Consolidation

(a) The Consolidated financial statements relate to LKP Finance Ltd ('the Company) and its Subsidiary Company - Gayatri Cement & Chemical Industries Pvt Ltd.

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

- The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together income and expenses, after fully eliminating inter-group balances and inter-group transactions.
 - The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- (b) The Subsidiary Company in the consolidated financial statement is:

Name of Company	Country of Incorporation	% of voting power
Gayatri Cement & Chemical Industries Private Limited	India	100

(ii) Goodwill/ Capital Reserve On consolidation

The difference between the cost of investment in subsidiaries, over the net asset at the time of acquisition of the shares in the subsidiaries is recognized in the financial statement as Goodwill or Capital Reserve as the case may be.

2 Statement of Significant Accounting Policies
i. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of the financial statements and the reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Any revision to estimates is recognised in the period in which the results are known/materialized.

ii. Property, Plant and Equipments

Property, Plant and Equipments are stated at cost less accumulated depreciation, and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

iii. Depreciation on Property, Plant and equipments

(a) Depreciation on Property, Plant and equipments is provided on straight line method based on the useful life specified in Schedule II of the Companies Act, 2013.

(b) Leasehold improvements are amortised over the period of lease.

iv. Impairment of Property, Plant and Equipments

At each Balance Sheet date, the Group reviews the carrying amount of assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

v. Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets till the time such assets are ready for its intended use or sale are capitalised as part of the cost of the assets. All other borrowing costs are expensed in the period they occur.

vi. Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

vii. Investments

(a) Investments intended to be held for more than one year, from the date of acquisition, are classified as long term and are carried at cost. All other investments are considered as current investments. Provision for diminution in value of long term investments is made to recognize a decline other than temporary. Current investments are carried at cost or market value, whichever is lower.

(b) Unquoted investments are valued at cost and provision for diminution in the value of investments is made based on the guidelines prescribed by the Reserve Bank of India or based on the judgement of the management, whichever is higher.

viii. Inventories

Shares and Securities acquired with intention of trading are considered as stock-in-trade and are valued at cost or market value, whichever is lower. Cost is determined on weighted average cost basis.

ix. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(a) Interest income is recognised on a time proportion basis considering the amount outstanding and the applicable interest rate.

(b) Dividend income is recognized when the Group's right to receive dividend is established.

(c) Profit or loss on sale of investments/ inventories are recognised on sale of investments/ inventories net of cost determined on weighted average cost

x. Non – Performing Assets

The Group follows the directions of Reserve Bank of India on Prudential Norms for income recognition, provisioning for bad and doubtful debts, provision for contingencies, Accounting of investments etc.

xi. Foreign currency transactions

(a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of such transaction. Foreign currency monetary assets and liabilities are translated using the exchange rate prevailing at the reporting date. Non-monetary foreign currency items are carried at cost.

(b) Gains or losses arising on settlement/translation of foreign currency monetary assets and liabilities at the year-end rate are recognized in the Statement of Profit and Loss.

xii. Derivative transactions

(a) Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures/ Commodity futures and Equity Index/Stock Options/ Commodity Options which are released on final settlement/squaring-up of underlying contracts are disclosed under Other current assets/ Other current liabilities.

(b) "Equity Index/Stock Option Premium/ Commodity Option Premium" represents premium paid or received for buying or selling the options, respectively.

(c) On final settlement or squaring up of contracts for Equity Index / Stock Futures/ Commodity Futures, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the Statement of Profit and Loss.

(d) On settlement or squaring up of Equity Index / Stock Options/ Commodity Options before expiry, the premium prevailing in "Equity Index/Stock Option/ Commodity Option Premium" on that date is recognised in the Statement of Profit and Loss.

xiii. Retirement and other employee benefits

(a) Short-term employee benefits are expensed at the undiscounted amount in the Statement of profit and loss, in the year the employee renders the service.

(b) Post employment and other long term employee benefits are recognised as an expense in the Statement of profit and loss at the present value of the amount payable determined using actuarial valuation techniques in the year the employee renders the service. Actuarial gains and losses are charged to the Statement of profit and loss.

(c) Payments to defined contribution retirement benefit schemes are expensed as and when they fall due.

xiv. Accounting for taxes on income

(a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year as per the provisions of the Income Tax Act, 1961.

(b) Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates and laws .

(c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Group and the assets can be measured reliably.

xv. Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

xvi. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

3 Share Capital		(Amount in Rupees)	
		2019	2018
Authorised			
1,000,000 (1,000,000) Redeemable Cumulative Preference Shares of Rs 100/- each	100,000,000		100,000,000
20,000,000 (20,000,000) Equity Shares of Rs 10/- each	200,000,000		200,000,000
	300,000,000		300,000,000
Issued, Subscribed and Paid up			
12,568,623 (12,421,523) Equity Shares of Rs 10/- each	125,686,230		124,215,230
Total	125,686,230		124,215,230

a) Reconciliation of number of equity shares and equity share capital (face value of Rs 10 each)

	2019		2018	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	12,421,523	124,215,230	12,198,023	124,215,230
Shares allotted on ESOP	147,100	1,471,000	223,500	2,235,000
Shares outstanding at the end of the year	12,568,623	125,686,230	12,421,523	126,450,230

b) Details of Shareholders holding more than 5% equity shares in the Company.

Name of Shareholder	2019		2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr Mahendra V Doshi	1,649,363	13.12	1,648,763	13.27
Mr Mahendra V Doshi- Partner M/s L K Panday	2,059,404	16.39	2,059,204	16.58
Sea Glimpse Investments Private Limited	2,547,515	20.27	2,547,515	20.51
Bhavana Holdings Private Limited	1,409,505	11.21	1,409,505	11.35
Dakshin Mercantile Private Limited	3,074,410	24.46	-	-
Agrud Capital Pte Limited	-	-	727,489	5.86

c) There are no bonus shares issued, shares issued for consideration other than cash or shares bought back during 5 years preceeding 31 March 2019.

d) Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuring Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution would be in proportion to the number of equity shares held by the shareholders.

e) Employee Stock Option Scheme
(i) Employee Stock Option Scheme 2010

The Company had instituted an Employee Stock Option Plan ("ESOP 2010 or "the Scheme") as approved by Board of Directors and Shareholders of the Company. Under the scheme, 3,90,000 Stock Options were granted at a pricing of 5% discount on the average closing price of the Company's shares on BSE during the last 15 days preceeding the date of grant of options to the employees of the Company and of its subsidiaries. 528,270 stock options were vested till 31 March 2017. The options vested would be exercisable at any time within a period of five years from the date of vesting and the equity shares arising on exercise of options shall not be subject to any lock in. The said Scheme is administered by the Nomination and Remuneration Committee of the Board. There are no option outstanding as at 31 March 2019.

During the year ended 31 March 2019, the Company did not grant any stock option. Out of the options granted 132,600 stock options had been exercised.

Summary of stock options outstanding is as follows :

	2019		2018	
	Number	Rupees	Number	Rupees
Options at the beginning of the year	132,600		261,300	
Granted during the year	132,600		-	
Options lapsed during the year	-		128,700	
Options at the end of the year	-		132,600	

(ii) Employee Stock Option Scheme 2010

The Company had instituted a new Employee Stock Option Plan ("ESOP 2010 or "the Scheme") as approved by Board of Directors and Shareholders of the Company. Under the scheme, 447,000 Stock Options were granted at a price of Rs 80/- per option to the employees of the Company and of its subsidiaries. The options vested would be exercisable at any time within a period of five years from the date of vesting and the equity shares arising on exercise of options shall not be subject to any lock in. The said Scheme is administered by the Nomination and Remuneration Committee of the Board. There are no option outstanding as at 31 March 2019.

During the year ended 31 March 2019, the Company did not grant any stock option. Out of the options granted 14,500 stock options had been exercised.

Summary of stock options outstanding is as follows :

	2019		2018	
	Number	Rupees	Number	Rupees
Options at the beginning of the year	14,500		240,500	
Options exercised during the year	14,500		223,500	
Options lapsed during the year	-		2,500	
Options at the end of the year	-		14,500	

(iii) Employee Stock Option Scheme 2014

The Company has instituted an Employee Stock Option Plan ("ESOP 2014" or "the Scheme") as approved by Board of Directors and Shareholders of the Company, for issuance of 775,000 Stock Options Convertible in equivalent number of equity shares of Rs.10 each to the employees of the Company and of its subsidiaries. Out of 610,000, 610,000 options were granted and vested during 31 March 2015 at a price of Rs 80/- per option. The options vested would be exercisable at any time within a period of three years from the date of vesting and the equity shares arising on exercise of options shall not be subject to any lock in. The said Scheme is administered by the Nomination and Remuneration Committee of the Board. There are no option outstanding as at 31 March 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

4 Reserves and Surplus	(Amount in Rupees)	
	2019	2018
Securities Premium Account		
As per last balance sheet	15,645,000	-
Add: Received/ transfer on account of issue of ESOP	16,440,126	15,645,000
	<u>32,085,126</u>	<u>15,645,000</u>
Special Reserve Fund- As per RBI guidelines for NBFCs		
As per last balance sheet	412,466,203	373,036,571
Add: Transfer from Statement of Profit and Loss	48,360,258	39,429,632
	<u>460,826,461</u>	<u>412,466,203</u>
General Reserve		
As per last balance sheet	614,910,457	614,910,457
	<u>614,910,457</u>	<u>614,910,457</u>
Employees Stock Options (ESOPs)		
As per last balance sheet	594,050	1,170,626
Less: Transfer on account of allotment of ESOP	594,050	576,576
	<u>-</u>	<u>594,050</u>
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last balance sheet	269,728,643	112,491,911
Add: Profit for the year	241,634,212	196,666,363
	<u>511,362,855</u>	<u>309,158,275</u>
Less : Appropriations		
Transfer to Special Reserve Fund	48,360,258	39,429,632
Dividend paid- final	25,137,246	-
- interim	37,705,869	-
Tax on Dividend	12,869,680	-
	<u>387,289,802</u>	<u>269,728,643</u>
Total	<u><u>1,495,111,846</u></u>	<u><u>1,313,344,353</u></u>
5 Long-term borrowings		
	(Amount in Rupees)	
	2019	2018
Unsecured		
Loan- related party*	1,650,000	1,650,000
Total	<u>1,650,000</u>	<u>1,650,000</u>
*Loan carries interest rate of 18%		
6 Short Term Borrowings		
	2019	2018
Secured		
From banks		
Cash Credit/ overdraft (Refer note (a), (b), (c))	-	198,818,246
Unsecured		
Intercorporate borrowings (Refer note (d))	359,665,031	359,665,031
Total	<u>359,665,031</u>	<u>558,483,277</u>

- (a) Cash Credit/ Overdraft from Bank of India of Rs Nil (Rs 71,629,349) are secured against pledge of approved debt securities rated 'A' and above with 15% margin, fixed deposit with the bank and personal guarantee of the Promoter. The loan is repayable on demand and carries interest of 12% p.a. (one year MCLR+ BSS+CRP)
- (b) Cash Credit from Federal Bank Limited of Rs Nil (Rs 123,294,076) are secured against pledge of bonds in CGSL account with Federal bank Limited. The loan is repayable on demand and carries interest of 10.95% (one year MCLR)
- (c) Overdraft from Federal Bank Limited of Rs Nil (Rs 3,894,821) are secured against pledge of fixed deposit with banks. The loan is repayable on demand. It carries interest 7.25% - 7.80% at monthly rests
- (d) Intercorporate borrowings of Rs 359,665,031 (Rs 359,665,031) is considered interest free and repayable on demand in the absence of term sheet and confirmation.

7 Short- term provisions	2019	2018
Contingency provisions on standard assets	1,521,786	462,258
Total	<u>1,521,786</u>	<u>462,258</u>

8 Other liabilities	2019	2018
Trade Payables		
Trade Payables		
- Micro and small enterprises (refer note 28)	-	-
- Other than micro and small enterprises	-	302,500
	<u>-</u>	<u>302,500</u>

Other current liabilities	2019	2018
Interest accrued but not due on borrowings	187,337	771,711
Provision for mark to market losses	3,363	387,992
Statutory Dues	3,157,411	3,189,797
Unclaimed dividends	6,362,692	6,958,108
Employee benefits payable	6,293,465	4,297,261
Advance received for purchase of investments	1,210,000	560,000
Other payables		
- Micro and small enterprises (refer note 28)	1,080,000	1,080,000
- Other than micro and small enterprises	74,000	3,021,848
	<u>18,368,268</u>	<u>20,266,717</u>
Total	<u>18,368,268</u>	<u>20,569,217</u>

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019
9 Property, Plant and Equipments

(Amount in Rupees)

	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2018	Additions	Deduction	As at 31 March 2019	Upto 31 March 2018	Depreciation	Deduction	Upto 31 March 2019	As at 31 March 2019	As at 31 March 2018
Property, Plant and Equipments										
Buildings	11,696,678	-	-	11,696,678	9,353,727	155,269	-	9,508,996	2,187,682	2,342,951
Furniture and Fixtures	2,774,955	-	2,675,000	99,955	563,780	107,219	574,323	96,676	3,279	2,211,175
Vehicles	17,010,213	-	17,010,213	-	3,326,088	799,140	4,125,228	-	-	13,684,125
Office Equipments	867,924	-	867,924	-	686,003	26,645	712,648	-	-	181,921
Computer	37,000	-	37,000	-	35,150	-	35,150	-	-	1,850
Total	32,386,770	-	20,590,137	11,796,633	13,964,748	1,088,273	5,447,349	9,605,672	2,190,961	18,422,022
Previous Year	28,489,333	9,517,187	5,619,750	32,386,770	15,808,188	2,333,716	4,177,156	13,964,748	18,422,022	-

Note : Buildings include cost of shares of Rs 500/- the value of shares in co operative societies

10 Non current investments

(Amount in Rupees)

	2019	2018	2019	2018
Investment in Equity Instruments (Quoted)				
Equity Shares of face value of Rs 10 each				
206,750 (Nil) Religare Enterprises Limited	4,055,734	-		
11,531 (11,531) Everlon Synthetics Limited	135,877	135,877		
1,500 (1,500) IDBI Bank Limited	244,005	244,005		
2,300 (2,300) Indus Networks Limited	59,320	59,320		
7,000 (7,000) Manglore Refinery and Petrochemicals Limited	385,199	385,199		
Nil (100,000) Aditya Birla Capital Limited	-	18,673,461		
Nil (18,300) CESC Limited	-	18,362,356		
Nil (119,308) Medowell Holdings Limited	-	3,990,853		
Nil (51,000) Nilkamal Limited	-	26,360,490		
Equity Shares of face value of Rs 5 each				
10,000 (10,000) Asian Electronics Limited	265,900	265,900		
Equity Shares of face value of Rs 2 each				
700 (9,200) Yes Bank Limited	509,525	199,915		
Nil (6,385,000) Jaiprakash Associates Limited	-	142,758,307		
Equity Shares of face value of Re 1 each				
200,000 (Nil) Sintex Plastics Technology Limited	4,260,055	16,450,507		
200,000 (Nil) Transformers and Rectifiers (India) Limited	2,495,861	8,728,626		
Nil (250,000) Ganesh Benzoplast Limited	-	24,526,469		
Nil (100,000) Mercator Limited	-	4,481,448		
	12,411,476	265,622,733		
Investment in Equity Instruments (Unquoted)				
Equity Shares of face value of Rs 10 each				
5,600 (5,600) The Hindustan Times Limited	1,256,500	1,256,500		
1,000 (1,000) Credit Capital Venture Limited	49,043	49,043		
10,000 (10,000) Sanghi Polyester Limited	124,484	124,484		
2,000 (2,000) MKM Shares & Stock Brokers Limited	6,200	6,200		
Investment in Non- Convertible Debentures				
Nil (1,000) 10.5% Edelweiss Asset Reconstruction Company Limited of face value of Rs 100,000				100,000,000
				100,000,000
Investment in Mutual funds				
Nil (39,749) units of Essel Liquid fund- Regular Plan- Monthly dividend of Rs 1000 each				40,000,000
				40,000,000
Investment - Others (Unquoted)				
Nil (56,750) units of Edelweiss Credit Opportunities Fund of Rs. 1,000/- each				56,750,000
Nil (100) units of Oysterrock Capital Fund 1 of face value of Rs 100,000				10,000,000
				66,750,000
(All the above securities are fully paid up)				
				14,043,703
Less: Diminution in value of investments				1,304,903
				499,004,960
Total	12,738,800	497,700,056		
Aggregate book value of unquoted investments	1,632,227	233,382,227		
Aggregate book value of quoted investments	12,411,476	265,622,732		
Aggregate market value of quoted investments	14,688,719	278,541,158		
Provision for diminution in value of investments	1,304,903	1,304,903		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

11 Deferred Tax Assets/ (Liabilities)	(Amount in rupees)	
	2019	2018
Deferred Tax Asset		
Depreciation	-	1,028,599
Total	-	1,028,599

12 Loans and Advances

	Long Term		Short Term	
	2019	2018	2019	2018
Loans- Others				
- Unsecured	-	-	363,850,000	98,948,074
Advances (recoverable in cash or kind or for value to be received)				
Deposits	610,000	1,593,000	963,000	-
Advance for purchase of investments (Refer Note 24)	78,650,000	-	-	-
Other Advances	-	-	5,728,352	16,189,447
Balances with government authorities				
Advance direct tax (net of provisions)	28,873,672	21,308,604	-	-
MAT Credit Entitlement	66,319,781	66,319,781	-	-
Total	174,453,453	89,221,385	370,541,352	115,137,520

13 Other Assets

	Non- Current		Current	
	2019	2018	2019	2018
Balances with bank in bank deposits (Refer note 16)	125,000,000	80,000,000	-	-
Interest receivable- on bank deposits	372,244	115,161	180,350	3,450,805
- on Investments and inventories	-	28,419,331	794,702	-
- on loans	-	-	5,279,030	2,417,796
Other receivables- related parties	-	-	100,000,000	-
- others	-	-	56,415,850	258,524
Stock Futures margin	-	-	-	21,092,240
Total	125,372,244	108,534,492	162,669,932	27,219,365

14 Current investments

	2019	2018
Investment in Mutual funds		
Mutual fund of face value of Rs 10 each		
847,121 (Nil) units of Aditya Birla Sunlife Liquid Fund- Growth Regular Plan	250,000,000	-
10,812 (Nil) units of ICICI Prudential Liquid Fund- Growth	2,939,019	-
Mutual fund of face value of Rs 1000 each		
15,918 (Nil) units of Axis Liquid Fund- Growth	32,654,366	-
5,904 (Nil) units of DSP Liquid Fund- Regular Plan -Growth	15,613,912	-
7,525 (Nil) units of Edelweiss Liquid Fund- Regular Plan- Growth	16,872,960	-
69,190 (Nil) units of HDFC Liquid Fund- Regular Plan- Growth	250,000,000	-
Total	568,080,256	-

Net asset value as at 31 March 2019 Rs 576,035,710 (Rs Nil)

15 Inventories

(valued at lower of cost and market value)	2019	2018
Equity Shares	206,216,670	43,505,948
Bonds*	269,045,689	225,519,685
Total	475,262,359	269,025,633

* are marked as lien against secured loan from banks

16 Cash and bank balances

Particulars	2019	2018	2019	2018
Cash and cash equivalents				
Balances with bank				
in Current Accounts	-	-	40,023,497	
				246,176,911
Cash on hand	-	-	7,615	244
Total	-	-	40,031,112	246,177,155
Other bank balances				
Balances with bank				
in dividend accounts	-	-	6,362,692	6,958,108
in deposit accounts*	125,000,000	80,000,000	50,000,000	625,000,000
	125,000,000	80,000,000	56,362,692	631,958,108
Less: Amount disclosed under "Other assets" (Refer note 13)	125,000,000	80,000,000	-	-
Total	-	-	56,362,692	631,958,108

* Rs 157,000,000 lien marked against secured loans taken from bank and Rs 18,000,000 given as bank guarantee to Enforcement Directorate

17 Revenue from Operations

Interest Income		
on loans	11,965,615	46,309,664
on debt securities	9,018,620	17,240,232
on non current investments	2,141,867	10,500,000
Income on trading in shares and securities(net)	6,407,081	305,235,646
Profit on sale on investments (net)	89,386,845	380,510,551
Dividend income	9,185,210	3,396,032
Total	128,105,238	763,192,125

18 Other Income

Interest - on fixed deposits	16,669,424	18,186,976
Bad debts recovered	-	2,298,961
Income on assignment of NPA (Refer note 30)	300,000,000	-
Miscellaneous Income	2,140,250	3,323,056
Total	318,809,674	23,808,993

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019
19 Employee Benefits Expenses

(Amount in Rupees)

	2019	2018
Salaries and allowances	25,370,481	53,719,134
Contribution and funds and others	36,429	(673,913)
ESOP compensation	576,576	(576,576)
Staff welfare expenses	126,014	3,632,200
Total	26,109,500	56,100,845

20 Finance Cost

	2019	2018
Interest - borrowings	8,295,236	42,779,265
- others	3,548,676	25,783
Bank and financial charges	11,891,981	8,586,792
Total	23,735,893	51,391,841

21 Other Expenses

	2019	2018
Rent	3,016,132	3,134,612
Repairs - Others	109,631	2,251,428
Directors Fees	326,400	322,000
Travelling and Conveyance expenses	1,223,200	1,146,491
Communication expenses	734,137	785,750
Legal and Professional charges	7,196,175	14,128,041
Printing and Stationery	212,617	229,233
Auditors Remuneration (Refer note below)		
Audit fees	1,029,500	1,029,500
Other matters	354,750	79,356
Commission expenses	703,449	8,612,000
Corporate Social Responsibility expenses (refer note 26)	3,500,000	3,500,000
Bad debts and advances written off (net)	45,202,377	431,142,550
Investment written off	25,000,000	
Loss on sale/ discard of property, plant and equipments	3,301,788	
Advertisement expenses	145,281	61,135
Miscellaneous expenses	5,146,743	4,272,504
Total	97,202,181	470,694,601

Payment to Auditors

	2019	2018
Holding Company		
Audit fees	1,000,000	1,000,000
Other matters	354,750	79,356
Subsidiary Company		
Audit fees	29,500	29,500

22 Contingent Liabilities and Litigations
(a) Contingent Liabilities

- (i) Against a penalty order for Rs 18,000,000/- received from the Enforcement Directorate in respect of a matter which arose in 1996 pertaining to the erstwhile money changing division of the Company, the Company has preferred an appeal in the Honorable Madras High Court. The Company has provided a bank guarantee to cover the demand. The matter is pending. The Management is of the opinion that a cash outflow is unlikely and therefore no provision is considered necessary.

(b) Litigations

- (i) A winding up petition filed by the Company against a borrower has been admitted by the Honourable High court of Mumbai. The recovery if any will be accounted for when the money is received from official Liquidator.
- (ii) The Company has filed an arbitration case Rs. 2,510,744/- against borrowers for which it has received a favourable award from the arbitrators.

The opposing parties have filed an appeal in the Honourable High court of Mumbai for which the matter is pending.

23 Earnings Per Share:

	2019	2018
Profit after Tax	241,634,212	196,666,363
Weighted Average Number of Shares Outstanding- Basic	12,562,419	12,233,538
Weighted Average Number of Shares Outstanding- Diluted	12,562,419	12,282,762
	Rs. per share	Rs. per share
Earnings per share (Basic)	19.23	16.08
Earnings per share (Diluted)	19.23	16.01
Face Value per Share	10.00	10.00

24 Other Commitments

- (a) During the year, the Company has entered into an memorandum of understanding to purchase 2,900 Equity shares based on the valuation to be determined by the valuer after due diligence. The Company has given advance of Rs 78,650,000 towards purchase of 786,500 preference shares of Rs 100 each which would also be transferred after the agreement for sale has been entered
- (b) Uncalled amount on investments is Rs Nil (Rs 43,250,000/-)

25 Related Party Transactions:

Key Management Personnel: 1. Mr. M. V. Doshi
2. Mr. G. B. Innani
3. Mr. S. S. Gulati

Other related parties with whom transactions have taken place during the year

MKM Share and Stock Brokers Limited, M/s L K Pandey, LKP Securities Limited

Transactions with Related Parties:

(Amount in Rupees)

	2019	2018
A) Transactions		
Interest Expenses		
Other related parties	-	5,486,243
Interest Income		
Other related parties	7,589,398	1,335,205
Brokerage paid		
Other related parties	1,067,305	5,671,782
Sale of Property, Plant and Equipments		
Other related parties	11,841,000	-
Sale of Investments		
Other related parties	110,000,000	-
Income on assignment of bad loans and advances		
Other related parties	300,000,000	-
Advance received for purchase of investments		
Other related parties	650,000	560,000
Remuneration to Key Management Personnel		
Key management personnel	22,336,375	16,285,250
Loans given		
Other related parties	4,68,60,00,000	70,000,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Amount in Rupees)

	2019	2018
Short term borrowings		
Other related parties	-	10,000,000
Repayment received of loans given		
Other related parties	4,68,60,00,000	70,000,000
Repayment of Short term borrowings		
Other related parties	-	70,000,000
B) Balances as at 31 March, 2019		
Long term borrowings		
Other related parties	1,650,000	1,650,000
Other Current Liabilities		
Other related parties	1,210,000	560,000
Loans and Advances		
Other related parties	-	12,720,043
Other receivables		
Other related parties	100,000,000	-

26 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Group. The Group is required to spend Rs.3,032,013/- against which Rs 3,500,000/- has been spent on activities specified in Schedule VII of the Companies Act, 2013.

27 Segment Reporting

The Group has only one business, i.e. engaged in investment and financing activities and hence "Segment Reporting" as defined in Accounting Standard 17 is not applicable.

28 Trade payables and Other payables includes amount payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA), which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities.

	2019	2018
Principal amount remaining unpaid to any supplier as at the year end	1,080,000	1,080,000
Interest due thereon	Nil	Nil
Amount of interest paid by the company in terms of section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

- 29 a)** Provision for current tax has been made as per the provisions of the Income Tax Act, 1961.
- b)** In accordance with AS – 22 on "Accounting for Taxes on Income" issued by the ICAI, deferred tax assets and liability is recognized for all timing differences, in accordance with the said standard. However, deferred tax asset has not been created on tax losses of Rs 426,921,610/- in the absence of convincing evidence to generate sufficient future taxable profit economic benefits associated with it will flow to the Group.

- c)** Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Group and the assets can be measured reliably. The Group has unrecognized MAT credit entitlement as on 31 March 2019 of Rs 198,049,929/-

30 Other income

Other income includes Income on assignment of NPA:

Details of non performing financial assets sold	(Amount in Rupees)
No. of accounts sold	4
Aggregate outstanding*	Nil
Aggregate consideration received	300,000,000

* written off in earlier years

31 Prior Period items Included in respective heads are as under:

	2019	2018
Interest Income		
- On loans	-	7,920,000
-On debt Securities	-	6,584,712
Expenses		
Legal and Professional fees	1,172,000	-
ESOP compensation	576,576	-
Gratuity written back	-	2,881,941

32 Statement of Net assets and profit or loss attributable as required under Schedule III to the Companies Act 2013

Name of the Enterprises	Net Assets i.e. total assets minus total liabilities		Shares in profit & loss	
	As % of consolidated net assets	Amt (in Rs.)	As % of consolidated profit or loss	Amt (in Rs.)
Parent				
LKP Finance Limited	101.16%	1,639,580,963	100.07%	241,801,291
Subsidiary				
Gayatri Cement & Chemical Industries Private Limited	-1.03%	(16,682,886)	-0.07%	(167,079)
Intercompany eliminations	-0.13%	(2,100,000)		
Total	100.00%	1,620,798,077	100.00%	241,634,212

33 Dividend on Equity shares

The board proposed dividend on equity shares after the balance sheet date

	2019	2018
Proposed dividend on equity shares for the year ended on 31 March, 2019: Rs.Nil/-per share (Rs.2 per share)	-	24,843,046
Dividend Distribution Tax on proposed dividend	-	5,058,044
Interim Dividend paid	37,705,869	-
Dividend Distribution Tax on interim dividend	77,52,327	-

34 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures. Figures in brackets pertain to previous year.



If undelivered, please return to :

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

LKP FINANCE LIMITED

(CIN:L65990MH1984PLC032831)

Regd. Office : 203, Embassy Centre, Nariman Point, Mumbai – 400021.

Email: lkpfininvestor.relations@lkpsec.com, Website : www.lkpsec.com;

Phone: 022-40024785, Fax: 022-22874787

**ATTENDANCE SLIP****Attendance by**

(Please tick the appropriate box)

- Member
 Proxy
 Authorised Representative

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

No. of Shares held:.....

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

I hereby record my presence at the 35th Annual General Meeting of the Company held at M. C. Ghia Hall, Hargovindas Building, 18/20, Kaikhuskru Dubash Marg, Mumbai - 400 001, at 10.00 a.m. on Friday, 5th July 2019.

.....
Member's/Proxy's Signature**ELECTRONIC VOTING PARTICULARS**

EVEN (E-voting Event Number)	User ID	Password
110743		

FORM NO. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

PROXY FORM**CIN:L65990MH1984PLC032831**Name of the company : **LKP FINANCE LIMITED**

Regd. Office : 203, Embassy Centre, Nariman Point, Mumbai – 400021.

Name of the member (s): Registered address: E-mail Id: Folio / DP ID-Client ID No.

I/We being the member(s) of _____ shares of the above named Company hereby appoint:

- (1) Name _____
Address _____
E-mail Id: _____ Signature _____ or failing him
- (2) Name _____
Address _____
E-mail Id: _____ Signature _____ or failing him
- (3) Name _____
Address _____
E-mail Id: _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, 5th July, 2019 at 10.00 a. m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai – 400001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	Optional *	
		For	Against
Ordinary Business			
1.	Adoption of Financial Statements for the year ended 31 st March 2019.		
2.	Confirm interim dividend declared and paid by the Board of Directors as final dividend on equity shares.		
3.	Re-appointment of Mr. Pratik M. Doshi who retires by rotation.		
4.	Appointment of Statutory Auditors and fixing their remuneration.		
Special Business – Special Resolution			
5.	Re-appointment of Mr. Vineet Suchanti as Independent Director.		

Signed this..... Day of..... 2019

Affix 1 Re.
Revenue
Stamp

Signature of shareholder.....

Signature of Proxy holder(s)

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 35th Annual General Meeting.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.

Annual General Meeting

M. C. Ghia Hall, Hargovindas Building, 18/20, Kaikhuskru Dubash Marg, Mumbai - 400 001

