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VENUE

15th ANNUAL GENERAL MEETING

At Hotel Park View, Sector 24, Near Indira Holiday Home, Chandigarh.

COMPANY DETAILS

BOARD OF DIRECTORS

Mr. Krishan Kant Puri	Chairman
Mr. Jaspal Singh	Vice Chairman
Mr. T.S. Thapar	Member-Director
Mr. Rakesh Jain	Member- Director
Mr. Naresh Sareen	Member- Director
Mr. Bir Pal Singh	Public Representative Director
Mr. Ajay Chaudhry	Public Representative Director
Dr. Rakesh Kumar Gupta	Public Representative Director
Mr. Ashish Aggarwal	Public Representative Director
Mr. Vinesh Kumar	Public Representative Director
Mrs. Pooja M. Kohli	LSE Representative Director
Ms. Kehkesha Verma	LSE Representative Director

LEADERSHIP TEAM

Mr. Pritpal Singh	Chief General Manager
Mr. Varun Madaan	Company Secretary
Mr. Madhur Gupta	HOD - IT
Mr. Vinay Mahajan	HOD - DP
Mr. Vipen Goyal	HOD - Clearing & Sett.
Mr. Ravinder S. Saini	HOD - Accounts - II
Mr. Jaswinder Singh	HOD - KYC
Mr. Rajinder Pal Singh	HOD - Margin
Mr. Pawan Bhardwaj	HOD - Membership
Ms. Paramjeet Kaur	HOD -Human Resource

Registered Office :

SCO 50-51, First Floor, Sector 34-A,
Chandigarh – 160 022
Tele No.: 0172-3258091

Corporate Office :

1st Floor, Ludhiana Stock Exchange Building,
Feroze Gandhi Market, Ludhiana – 141 001
Tele No.: 0161-2405756, 5068133

Statutory Auditors :

M/s Anoop K. Goel & Co.
Add: 152H, Lane-3, Adj. Jassal Engg.
GTB Nagar, Chandigarh Road,
Ludhiana – 141 010

Internal Auditors :

M/s R.K. Deepak & Co.
527 – R, 2nd Floor, Citi Tower,
Model Town, Ludhiana – 141 002

Trading cum Clearing Member :

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Depository Participants :

National Securities Depository Limited
Central Depository Services (India) Limited

Bankers

HDFC Bank, Oriental Bank of Commerce, Indusind Bank,
ICICI Bank, Yes Bank, Axis Bank, State Bank of India

DP BRANCHES

Amritsar

35-36, 2nd Floor, Deep Complex,
Opp. Centurion Bank of Punjab
Court Road, Amritsar – 143001
Ph.: 0183-2542212, 5018601-02

Chandigarh

SCO 50-51, First Floor, Sector 34-A,
Adj. Mukat Hospital
Chandigarh – 160 022
Tele No.: 0172-3258091, 5065459-60

Jalandhar

1st Floor, Milbertan Building,
Opp. Govt. Girls Higher Secondary School,
PNB Chaowk, Jalandhar-144 001
Ph.: 0181-5012689

Sangrur

Near Main Post Office,
Banasar Bagh Road, Sangrur – 148 001
Ph.: 01672-503281

Una

Chaudhary Ram Saran Saini Complex,
Opp. Bust Stand, Distt. Una (H.P.)
Ph.: 01975-224245

Websit: www.lse.co.in

E-mail: igc@lssl.com (for investors), cgm@lssl.com

LSE SECURITIES LIMITED

Registered Office: SCO 50-51, 1st Floor, Sector 34-A, Chandigarh 160 022.

NOTICE

Notice is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Members of LSE SECURITIES LIMITED will be held on Saturday, the 27th day of September, 2014 at 11:30 A.M at Hotel Park View, Sector 24, Near Indira Holiday Home, Chandigarh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, and adopt the Audited Profit and Loss Account for the year ended 31st March, 2014 the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Krishan Kant Puri (DIN: 01832023), who retire by rotation in terms of Article 81(a) of Articles of Association of the Company and does not offer himself for the re-appointment.
4. To appoint a Director in place of Mr. Naresh Sareen (DIN: 01013733), who retire by rotation in terms of Article 81(a) of Articles of Association of the Company and does not offer himself for the re-appointment.
5. To appoint Mr Bir Pal Singh (DIN: 06578231), Public Representative Director, who retires at the conclusion of the Annual General Meeting as per SEBI Circular No. SMD/POLICY/CIR-4/2003 dated 11.02.2003 and, as per Circular No. MRD/POLICY/CIR-33/2004 dated 30.09.2004, he shall continue as Public Representative Director till the new Public Representative is appointed in his place.
6. To appoint Mr. Ajay Chaudhry (DIN: 00055733), Public Representative Director, who retires at the conclusion of the Annual General Meeting as per SEBI Circular No. SMD/POLICY/CIR-4/2003 dated 11.02.2003 and, as per Circular No. MRD/POLICY/CIR-33/2004 dated 30.09.2004, he shall continue as Public Representative Director till the new Public Representative is appointed in his place.
7. To appoint Dr. Rakesh Kumar Gupta (DIN: 03560793), Public Representative Director, who retires at the conclusion of the Annual General Meeting as per SEBI Circular No. SMD/POLICY/CIR-4/2003 dated 11.02.2003 and, as per Circular No. MRD/POLICY/CIR-33/2004 dated 30.09.2004, he shall continue as Public Representative Director till the new Public Representative is appointed in his place.
8. To appoint Mr. Ashish Aggarwal (DIN: 00775296), Public Representative Director, who retires at the conclusion of the Annual General Meeting as per SEBI Circular No. SMD/POLICY/CIR-4/2003 dated 11.02.2003 and, as per Circular No. MRD/POLICY/CIR-33/2004 dated 30.09.2004, he shall continue as Public Representative Director till the new Public Representative is appointed in his place.
9. To appoint Mr. Vinesh Kumar (DIN: 01396306), Public Representative Director, who retires at the conclusion of the Annual General Meeting as per SEBI Circular No. SMD/POLICY/CIR-4/2003 dated 11.02.2003 and, as per Circular No. MRD/POLICY/CIR-33/2004 dated 30.09.2004, he shall continue as Public Representative Director till the new Public Representative is appointed in his place.
10. To appoint Auditors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Anoop Goel & Co. Chartered Accountants (Registration No. 016327N), be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) to the conclusion of the sixth consecutive AGM (subject to ratification of their appointment at every AGM held after this AGM) and the Board of Directors be and are hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee in consultation with the Auditors.”

SPECIAL BUSINESS:

11. To appoint Mr. Pritpal Singh as a Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to circular no. CIR/MIRSD/1/2014 dated March 12, 2014 of Securities and Exchange Board of India (SEBI) and in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 or any other Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr. Pritpal Singh (DIN: 01219436) as a Whole-time Director, designated as Whole Time Director cum Chief General Manager of the Company, for a period of 5 (five) years with effect from June 24, 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include Remuneration or any other Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Pritpal Singh, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

“RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year, the Company incurs losses or its profits are inadequate, the Company shall pay the said remuneration as minimum remuneration to Mr. Pritpal Singh subject to the compliance of the provisions of the Companies Act, 2013 along with the Schedule V.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution and also to make such alternations and modifications, as may be required to give effect to this resolution.”

Place: LUDHIANA
Date: 27.08.2014

By order of the Board
FOR LSE SECURITIES LIMITED

Sd/-
PALLAVI SETHI
COMPANY SECRETARY

Registered Office:
SCO 50, 1st Floor,
Sector 34 A,
Chandigarh

Corporate Office:
First Floor, Ludhiana Stock Exchange Bldg.,
Feroze Gandhi Mkt., Ludhiana
CIN: U67120CH2000PLC023244
e-mail: cs@lssl.com

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting.
3. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. The shares of the Company are held in physical form. Any member who transfers his shares to any person has to seek approval from the Board of the LSE Securities Ltd subject to prior approval from BSE, NSE and MCX-SX Stock Exchanges.
5. The dividend declared, if any, will be paid to those Share-Holders whose names appear in the Register of Members after affecting the valid transfer requests lodged and affected by the Company on or before up to 20.09.2014 (Saturday) upto 5.30 p.m. subject to approval of NSE, BSE, MCX-SX Stock Exchanges.
6. The Register of Members and the Share Transfer Book of the Company will remain closed from 22.09.2014 (Monday) to 26.09.2014 (Friday) for ascertaining the names of the Shareholders to whom the dividend which if any declared at the Annual General Meeting is payable.
7. Members are requested to write to the Company at least ten days before the meeting for obtaining any information as regards to accounts and operations of the Company so that the same could be complied in advance.
8. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“the Act”)

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 11

SEBI has amended its Master Circular No CIR/ISD/AML/3/2010 dated December 31, 2010 in view of the amendments to the Prevention of Money-laundering Act, 2002 (PML Act) and amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 (PML Rules). SEBI vide its Circular No. CIR/MIRSD/1/2014 dated: March 12, 2014 has inserted clause 14.2, which provides that in addition to existing requirement of designation of a Principal Officer, the registered intermediaries shall also designate a person as a 'Designated Director'.

In order to ensure compliance with respect to above said circular of SEBI, the company was required to appoint the Whole Time Director, as such the matter was put upto the Board of Directors of the Company (the 'Board'), in their meeting held on 24.06.2014. The Board in order to comply with the provisions of above circular decided to appoint Mr. Pritpal Singh, Chief General Manager of the Company as the Whole Time Director of Company.

Accordingly, the Board appointed, Mr. Pritpal Singh as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company with effect from June 24, 2014. In terms of the provisions of Section 161(1) of the Act, Mr. Pritpal Singh would hold office up to the date of the ensuing Annual General Meeting.

Mr. Pritpal Singh is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Thus the Board, at its meeting held on June 24, 2014 has, subject to the approval of members, appointed Mr. Pritpal Singh as Whole Time Director, designated as Whole Time Director cum Chief General Manager of the Company, for a period of 5 (five) years with effect from June 24, 2014, at the same remuneration which he was given as being the Chief General Manager of the Company.

It is proposed to seek the members' approval for the appointment of and remuneration payable to Mr. Pritpal Singh as Whole-time Director, designated as Whole Time Director cum Chief General Manager of the Company, in terms of the applicable provisions of the Act.

The terms of appointment and remuneration payable to Mr. Pritpal Singh are as under:

PAY SCALE

The pay scale of Rs.13000-850-16500-EB-1500-25500 with basic pay of Rs.24000/- per month with other allowances and perks as per rules of the Company.

TERMS OF APPOINTMENT

Terms of employment will be governed by the policies and rules of the Company framed from time to time which are subject to amendment by the Board of Directors.

RESIGNATION/TERMINATION

In the event of the resignation or termination of services, either side shall give a notice of 90 days or payment in lieu thereof. In case the person decides to resign at any stage of his career with the company, he will not join any Company in the same or similar line of business for atleast six months from the date of resignation.

DEALING WITH THE ASSETS OF THE COMPANY

Supposed to deal with the Company's money, material and document with utmost honesty and professional ethics.

OTHER EMPLOYMENT

Supposed not to engage in any other employment or business, part time, full time, directly or indirectly, simultaneously as long as employed with the Company or engage directly or indirectly in any other business connected with the dealings, or activities of the Company in any way.

DUTIES

Duties will be such as may be assigned by the Board of Directors from time to time. Shall throughout the continuance of employment work whole time.

SECRECY & CONFIDENTIALITY

Required to maintain utmost secrecy and confidentiality in dealing with the Company's money or material or documents, not to engage in speculative dealings in any capacity.

Mr. Pritpal Singh satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Pritpal Singh under Section 190 of the Act.

The relatives of Mr. Pritpal Singh may be deemed to be interested in the resolutions set out respectively at Item No. 11 of the Notice, to the extent of their shareholding interest, if any, in the Company, save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolutions set out at Item No. 11 of the Notice for approval by the shareholders.

Place: LUDHIANA
Date: 27.08.2014

By order of the Board
FOR LSE SECURITIES LIMITED

Sd/-
PALLAVI SETHI
COMPANY SECRETARY

Registered Office:
SCO 50, 1st Floor,
Sector 34 A,
Chandigarh

Corporate Office:
First Floor, Ludhiana Stock Exchange Bldg.,
Feroze Gandhi Mkt., Ludhiana
CIN: U67120CH2000PLC023244
e-mail: cs@lsesl.com

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in submitting the Fifteenth Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2014.

1. **REVIEW OF OPERATIONS**

Your Company's performance during the year as compared with that during the previous year is summarized below.

(Amount in ₹ Lacs)

Sr. No.	PARTICULARS	31.03.2014	31.03.2013
1.	Profit Before Depreciation, Interest and Tax (PBDIT)	204.39	152.87
2.	Depreciation	(7.25)	(10.39)
3.	Interest	(0.09)	(0.70)
4.	Profit Before Tax (PBT)	197.05	141.78
5.	Provision for Taxation		
	a. Current	(59.54)	(43.18)
	b. Deferred	(0.85)	1.16
	c. Earlier Years	(1.50)	0.04
6.	Profit After Tax (PAT)	135.16	99.80
7.	Balance brought forward from previous years	799.04	799.74
	Planned Gratuity Assets belonging to F. Y.		
8.	Profit available for appropriation	934.20	899.54
9.	Appropriations		
	a. Transfer to Capital Redemption reserve	-	(7.90)
	b. Transfer to General Reserve	(3.38)	(2.50)
	c. Proposed Dividend		
	i) Interim Dividend	-	-
	ii) Dividend on Equity Shares	(77.30)	(77.30)
	iii) Dividend on Preference Shares	-	-
	d. Dividend paid on Preference Shares	-	(0.22)
	e. Corporate Dividend Tax	(12.54)	(12.58)
10.	Surplus carried to Balance Sheet	840.98	799.04
11.	Earning Per Share (EPS)		
	a. Basic	2.10	1.55
	b. Diluted	2.10	1.55

2. **OPERATING RESULTS**

During the year under review, the Company has earned Profit before Depreciation, Interest and Tax (PBDIT) of 204.39 Lacs and earned Gross Income of 477.06 Lacs in the current year.

Profitability

Your Company's net profits after tax is ₹135.16 Lacs .Your Company's accumulated profits available for appropriation are ₹ 934.20 Lacs as compared to ₹899.54 Lacs in the corresponding previous year. Similarly, the net worth of the company as on 31.03.2014 stood at ₹1591.01 Lacs as compared to ₹1545.70 Lacs during the corresponding previous year.

Business Volume

During the year under review, your Company has been able to achieve an average daily business volume of ₹18.12 Crores in “Capital Market” (CM) & ₹296.49 Crores in Futures & Options” (F&O) Segments of National Stock Exchange of India Limited, ₹5.97 Crores in “Capital Market: (CM) Segment of the Bombay Stock Exchange, Mumbai, ₹6.16 Crores in “Currency Derivatives: (CD) Segment of the National Stock Exchange of India Limited, and ₹0.12 Crores in “Currency Derivatives: (CD) Segment of the MCX Stock Exchange Limited, Further Depository Income as on 31.03.2014 is ₹105.50 Lacs.

3. DIVIDEND

The Board of Directors has recommended payment of final dividend @ 12% on Equity Shares for the financial year ended 31.03.2014. The total dividend outgo and tax thereon will be ₹89.84 Lacs as against ₹90.10 Lacs in the corresponding previous year.

4. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

a) Trading at NSE and BSE in Capital Market Segment

During the year under review, your company has recorded a business volume of ₹4550.58 Crores and ₹1500.26 Crores in Capital Market Segment of the National Stock Exchange of India Limited and the Bombay Stock Exchange, Mumbai respectively. As on 31.03.2014, there have been total 164 SEBI Registered Sub-Brokers of the Company in NSE and 124 SEBI Registered Sub-Brokers in BSE.

b) F&O Segment of NSE

During the year under review, your company has recorded a business volume of ₹74124.82 Crores in the Futures & Options Segment of National Stock Exchange of India Limited.

c) Currency Segment

The business volume in Currency Derivatives was ₹1503.18 Crores in NSE, ₹23.55 Crores in MCX-SX Stock Exchange during the year.

d) Depository Participant Services

The business of the Depository Participant (DP) is increasing day by day. During the year under review, your Company has opened 1053 new accounts in CDSL, 130 accounts in NSDL and 25 accounts in Commodities.

e) Client Registration Department

During the year under review, your Company has registered around 983 clients and successfully implemented all compliances as framed by SEBI, NSE, BSE and MCX-SX Stock Exchanges.

f) Future Outlook

Your Company has got the membership of BSE Derivatives Segment and the company is in process of completion of formalities related to commencement of trading in BSE Derivatives segment and after commencement of trading by the Company in BSE Derivatives Segment the business of the Company is expected to grow.

5. COMPOSITION AND CATEGORY OF THE DIRECTORS

NAME OF THE DIRECTOR	CATEGORY	DESIGNATION
Mr. Krishan Kant Puri	Non-Executive Director	Chairman
Mr. Jaspal Singh	Non-Executive Director	Vice-Chairman
Mr. T.S. Thapar	Non-Executive Director	Member-Director
Mr. Naresh Sareen	Non-Executive Director	Member-Director
Mr. Rakesh Jain	Non-Executive Director	Member-Director
Mr. Birpal Singh	Independent and Non-Executive Director	Public Representative Director
Mr. Ajay Chaudhry	Independent and Non-Executive Director	Public Representative Director
Dr. Rakesh Kumar Gupta	Independent and Non-Executive Director	Public Representative Director
Mr. Ashish Aggarwal	Independent and Non-Executive Director	Public Representative Director
Mr. Vinesh Kumar	Independent and Non-Executive Director	Public Representative Director
Mrs. Pooja M. Kohli	Non-Executive Director	LSE Representative Director
Ms. Kehkesha Verma*	Non-Executive Director	LSE Representative Director
Mr. Pritpal Singh#	Executive Director	Additional Director

* Appointed w.e.f 30.12.2013

Appointed w.e.f 24.06.2014

At present, Mr. Krishan Kant Puri, Mr. Jaspal Singh, Mr. Naresh Sareen, Mr. Tribhawan Singh Thapar and Mr. Rakesh Jain are the Member-Directors on the Board of the Company and in accordance with Article 81(a) of the Articles of Association of the Company. Mr. Krishan Kant Puri and Mr. Naresh Sareen being longest in the office are liable to retire by rotation at the ensuing Annual General Meeting and do not offer themselves for the re-appointment.

Therefore, there are two vacancies of Directorship which are to be filled among Member-Directors in the ensuing Annual General Meeting of the Company.

Presently, Mr. Bir Pal Singh, Mr. Ajay Chaudhry, Dr. Rakesh Kumar Gupta, Mr. Ashish Aggarwal and Mr. Vinesh Kumar are the Public Representative Directors on the Board of the Company and shall continue to hold the office of the Board of the Company till the appointment of new Public Representatives in their place.

Your Directors place on record the appreciation for sincere, dedicated and valuable services rendered by the above named persons to the Company.

6. CORPORATE GOVERNANCE

AUDIT COMMITTEE

The Audit Committee of your Company comprises of Mr. Ajay Chaudhry as Chairman followed by Mr. Jaspal Singh, Mr. Krishan Kant Puri, Mr. Tribhawan Singh Thapar, Mr. Ashish Aggarwal, Mr. Vinesh Kumar and Mrs. Pooja M. Kohli as Members of the Committee. The Audit Committee has reviewed the Final Accounts of the Company before these were submitted for the consideration of the Board.

HUMAN RESOURCE MANAGEMENT COMMITTEE

The Human Resource Management Committee of your Company comprises of Mr. Birpal Singh as Chairman followed by Mr. Krishan Kant Puri, Mr. Jaspal Singh, Mr. Rakesh Jain, Mr. Satish Bansal, Mr. R.K. Bansal, Mrs. Pooja M. Kohli and Mr. Parmod Goyal as Members of the Committee.

STEERING COMMITTEE

The Steering Committee of your Company comprises of Mr. Rakesh Jain as Chairman followed by Mr. Krishan Kant Puri, Mr. Jaspal Singh, Mr. Rakesh Gupta, Mrs. Pooja M. Kohli, Mr. Satish K Bansal, Mr. Parmod Goyal and Mr. Rakesh Gupta as Members of the Committee.

RISK MANAGEMENT & BUSINESS DEVELOPMENT COMMITTEE

The Risk Management Committee of your Company comprises of Mr. Tribhawan Singh Thapar as Chairman followed by Mr. Jaspal Singh, Mr. Krishan Kant Puri, Mr. Sanjay Anand, Mr. Sanjeev Gupta, Mr. Ashwani Aggarwal, Mr. Jatinder Garg, Dr. Rakesh Kumar Gupta, Mr. D. P. Gandhi, Mr. Rajiv Gupta, Mr. Dheeraj Ghai, Mr. J. K. Jain and Mrs. Pooja M. Kohli as Members of the Committee.

7. CONSERVATION OF ENERGY

The Company is engaged in stock broking, depository activities and has no activity pertaining to manufacturing and as such furnishing of details as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy is not applicable.

8. TECHNOLOGY ABSORPTION

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars In The Report of Board of Directors) Rules, 1988 in respect to technology absorption are nil.

9. FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub section (1)(e) of section 217 of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in respect to foreign exchange earnings and outgo are nil.

10. PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, none of the employees of the company is in receipt of remuneration, which requires disclosure under the said Section.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors based on the representation received from the operating management, confirm that:

1. The annual accounts presented to the members have been prepared on going concern basis and applicable accounting standards have been followed.
2. In case of any material departures from the applicable accounting standards, proper explanations have been provided.
3. In order to provide a true and fair view of the state of affairs of the Company for the year ended 31.03.2014, and profits for the year ended on that date reasonable and prudent judgments and estimates have been made and generally accepted accounting policies have been selected and consistently applied.
4. For safeguarding the assets of the Company and for preventing and detecting any material fraud and irregularities, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956.

12. COMPLIANCE TO ACCOUNTING STANDARDS

The Company during the year has complied with Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to the Company.

13. AUDITORS'

M/s Anoop K. Goel & Co., Chartered Accountants, the Statutory Auditors of the Company, shall retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

14. AUDITORS' REPORT

The Auditors' Report read with notes on Accounts is self-explanatory and does not call for further comments, as there are no adverse remarks in the Auditors' Report.

15. PERSONNEL

Your Directors place on record their heartiest appreciation for the sincere, devoted and dedicated services rendered by the staff for the smooth functioning of the Company, its growth and implementation of new systems necessitated by the structural changes brought in the Capital Market by SEBI, NSE, BSE and MCX-SX Stock Exchanges from time to time.

16. ACKNOWLEDGEMENT

The Board wishes to place on record its gratitude for the kind co-operation, assistance, and continued support to the Company by the office-bearers, Sub-Brokers, Members and officials of the Ludhiana Stock Exchange Limited, the Ministry of Finance, Central Government, the Securities and Exchange Board of India (SEBI), the Government of Punjab, Local Administration, the National Stock Exchange of India Limited (NSEIL), the Stock Exchange, Mumbai (BSE), MCX-SX Stock Exchange and other Stock Exchanges and their Subsidiary Companies, the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and other business associates. Your Company is deeply grateful to the Shareholders of the Company who has shown their confidence and faith towards the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**Place: LUDHIANA
Date: 27.08.2014.**

**Sd/-
KRISHAN KANT PURI
CHAIRMAN**

INDEPENDENT AUDITORS' REPORT

To
The Members of
LSE SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **LSE SECURITIES LIMITED**, ("the company") which comprise the Balance Sheet as at 31/03/2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of financial position and financial performance of the company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 ("the Act") The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

Audit involves performing procedure to obtain audit evidence about the amounts and disclosure in the financial statements. The procedure selected depend upon auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

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

- (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31/03/2014;
- (b) in case of Profit and Loss Account, of the Profit for the year ended on that date; and

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2003("the order") issued by Central Government of India in terms of sub-section (4A) of section 227 of the Act, 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 statements on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by Law have been kept by the Company so far as appears from our examinations of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
 - d. In our opinion , the Balance Sheet, Statement of Profit and Loss, comply with the Accounting Standards referred to in sub-section(3C) of section 211 of the Companies Act,1956;
 - e. On the basis of written representations received from the directors as on 31/03/2014 and taken on record by the Board of Directors, none of the director is disqualified as on 31/03/2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

FOR ANOOP K. GOEL & CO.
(Chartered Accountants)
Reg. No. : 016327N

Date : 27-08-2014
Place : Ludhiana

ANOOP KUMAR
PARTNER
M. No.: 096966

ANNEXURE TO THE AUDITORS' REPORT

(i). In respect of its fixed assets:

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets have been disposed off during the year, and it has not affected the going concern.

(ii). In respect of its inventories:

The Company's nature of operations does not require it to hold inventories. Accordingly, clause 4(ii) of the Companies (Auditors' Report) Order, 2003 ('the Order') is not applicable. However the company held stock of saleable stationery as at 31-03-2014, valued at cost or net realisable value, whichever is lower.

(iii). In respect of loans granted and taken to / from parties covered in the register maintained u/s 301 of the Companies Act, 1956.

The Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act, clause 4 (iii) paragraphs (b), (c), (d), (f) and (g) of the Order, are not applicable.

(iv). In respect of internal control

In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the Internal control system during the course of the Audit.

(v). In respect of contracts or arrangements need to be entered into a register maintained u/s 301 of the Companies Act, 1956

- (a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 are made at price which are reasonable having regard to prevailing market prices at the relevant time.

(vi). In respect of deposits from public

The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India, the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.

(vii). In respect of internal audit system

In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

(viii). In respect of maintenance of cost records

According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the company.

(ix). In respect of statutory dues

(a) According to the information and explanations given to us, and on the basis of our examination of the books of accounts, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, customs duty, investor education and protection fund, wealth tax and any other material statutory dues applicable to it.

(b) According to the information and explanation given to us there is no undisputed amounts payable in respect of Income Tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.03.2014 for a period of more than six month from the date they became payable.

(x). In respect of accumulated losses and cash losses

The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi). In respect of dues to financial institution / banks / debentures

Based on our audit procedures and on the information and explanations given by the management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or banks.

(xii). In respect of loans and advances granted on the basis of security

The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the order is not applicable.

(xiii). In respect of provisions applicable to Chit fund

In our opinion and according to information and explanations given to us the company is not chit fund or a nidhi or mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the order are not applicable to the company.

(xiv). In respect of dealing or trading in shares, securities, debentures and other investment

The Company is not dealing or trading in shares, securities, debentures and other investments in its own name, but it is a member of BSE, NSE & MCX and trading & dealing in shares, securities, debentures and other investment through its sub-brokers only, the provisions of clause 4(xiv) of the order are not applicable to the company.

(xv). In respect of guarantee given for loans taken by others

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions. Accordingly, clause 4 (xv) of the order is not applicable.

(xvi). In respect of application of term loans

The company has not obtained any term loan, accordingly clause 4 (xvi) of the order is not applicable.

(xvii). In respect of fund used

According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short term basis have been used for long term investment.

(xviii). In respect of preferential allotment of shares

According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties covered in the register maintained under Section 301 of the Act, accordingly clause 4 (xviii) of the order is not applicable.

(xix). In respect of securities created for debentures

According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures accordingly clause 4 (xix) of the order is not applicable.

(xx). In respect of end use of money raised by public issues

The company has not raised any money from the public during the year under audit. Accordingly, clause 4(xx) of the order is not applicable.

(xxi). In respect of fraud

According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

FOR ANOOP K. GOEL & CO.
(Chartered Accountants)
Reg. No. : 016327N

Date : 27-08-2014
Place : Ludhiana

ANOOP KUMAR
PARTNER
M. No.: 096966

LSF Securities Limited

LSE SECURITIES LIMITED
BALANCE SHEET

AS AT 31ST MARCH 2014

Amount in (₹)

PARTICULARS	NOTE	As At 31.03.2014	As At 31.03.2013
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	64,417,750	64,417,750
(b) Reserves and Surplus	2	94,683,694	90,151,984
(2) Non-Current Liabilities			
(a) Other Long Term Liabilities	3	38,889,059	38,385,750
(b) Deferred Tax Liability	4	193,000	108,000
(3) Current Liabilities			
(a) Trade Payables	5	159,158,503	152,659,808
(b) Other Current Liabilities	6	1,878,621,820	1,980,152,895
(c) Short Term provisions	7	9,278,729	9,761,187
TOTAL		2,245,242,555	2,335,637,374
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	8		
Tangible Assets		1,201,601	1,730,120
Intangible Assets		358,779	134,203
(b) Non Current Investments	9	6,764,000	6,764,000
(c) Long term loans and advances	10	39,923,885	41,239,975
(d) Other Non Current Assets	11	2,491,379	1,562,692
(2) Current Assets			
(a) Inventory	12	7,404	9,976
(b) Trade Receivables	13	102,081,606	119,393,107
(c) Cash and bank balances	14	263,994,995	249,554,982
(d) Short term Loans and advances	15	3,520,784	5,104,489
(e) Other Current Assets	16	1,824,898,122	1,910,143,830
TOTAL		2,245,242,555	2,335,637,374

Significant Accounting Policies 23.1

See Accompanying Notes to the Financial Statements

As per our report of even date attached

For and on behalf of the Board of Directors

For Anoop K.Goel & Co.
Chartered Accountants
(Firm Registration No. 016327N)

Krishan Kant Puri
Chairman

Jaspal Singh
Vice Chairman

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

Pritpal Singh
Chief General Manager

Rajesh Gupta
Sr. Manager Accounts

Place : LUDHIANA
Date : 27.08.2014

Pallavi Sethi
Company Secretary

LSE SECURITIES LIMITED
PROFIT AND LOSS

AS AT 31ST MARCH 2014

Amount in (₹)

PARTICULARS	NOTE	For the year ended 31.03.2014	For the year ended 31.03.2013
I Revenue from operations	17	22,505,619	21,795,245
II Other Income	18	25,200,112	25,542,505
III Total Revenue		47,705,731	47,337,750
IV Expenses			
Operating Expenses	19	2,972,519	4,579,103
Employee Benefit expenses	20	11,704,890	13,241,454
Finance Cost	21	224,285	310,315
Depreciation and amortization expenses		724,794	1,039,199
Other expenses	22	12,373,938	13,989,733
Total Expenses		28,000,426	33,159,804
V Profit before Tax (III-IV)		19,705,305	14,177,946
VI Tax Expense :			
1) Tax Expense for Current Year		5,954,000	4,318,000
2) Tax relating to prior years		150,445	(4,403)
3) Deferred Tax		85,000	(116,000)
VII Profit for the year (V-VI)		13,515,860	9,980,349
VIII Earning per Share (of Rs. 10 each)			
Basic		2.10	1.55
Diluted		2.10	1.55

Significant Accounting Policies 23.1

See Accompanying Notes to the Financial Statements

As per our report of even date attached

For and on behalf of the Board of Directors

For Anoop K.Goel & Co.
Chartered Accountants
(Firm Registration No. 016327N)

Krishan Kant Puri
Chairman

Jaspal Singh
Vice Chairman

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

Pritpal Singh
Chief General Manager

Rajesh Gupta
Sr. Manager Accounts

Place : LUDHIANA
Date : 27.08.2014

Pallavi Sethi
Company Secretary

LSE SECURITIES LIMITED
NOTES FORMING PART OF BALANCE SHEET
AS AT 31ST MARCH 2014

23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

23.1 SIGNIFICANT ACCOUNTING POLICIES

• **Accounting Convention**

The accompanying financial statements are prepared and presented under the historical cost convention, on the basis of accounting principles and comply with the Accounting Standard prescribed by Companies (Accounting Standards) Rules 2006, the relevant provisions of the Companies Act, 1956 and the Revised Schedule VI to the Act.

• **Revenue Recognition**

- a) The Company follows accrual system of accounting in accordance with the normally accepted accounting principles. Income in respect of zero holding depository accounts is accounted for at the time of reasonable certainty of its collection.
- b) Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of customers on the trade date and is reflected net of related brokerage expenses and service tax.
- c) Interest Income is recognised using time proportion method.
- d) Dividend income is recognised when the right to receive payment is established.

• **Fixed Assets**

Fixed assets are stated at historical cost less depreciation. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

• **Intangible Assets and Amortization**

Intangible assets of the Company such as software and software licences are amortised on straight line basis over a period of 5 years, being the useful life as estimated by the management, beginning with the year in which the said assets are put to use.

• **Depreciation**

Depreciation is provided on written down value method as per the rates prescribed in schedule XIV of The Companies Act, 1956 on all the assets of the Company. In respect of assets sold, depreciation is provided upto the date of disposal.

• **Inventories**

Inventories are valued at cost or net realizable value whichever is lower and cost for the same is determined on the basis of FIFO Method.

• **Employee Benefits**

DEFINED CONTRIBUTION PLAN

Contributions to Provident Fund and Employees State Insurance are recognized in the accounts as per the statutory requirements under the relevant Act.

DEFINED BENEFIT PLAN

a. **Gratuity:** The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. The Company accounts its liability for future gratuity benefits based on independent actuarial valuation as at the balance sheet date, using Projected Unit Credit Method.

b. Leave Encashment : The eligible employees are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. Company also provides for the encashment of leave subject to rules. The liability is provided on the number of days of unutilised leave at each balance sheet date, based on actuarial valuation.

- **Investment**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current Investments are stated at lower of cost and fair value. Long term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Valuation is determined on the basis of each category of investments.

- **Taxation**

- a. Current tax is determined on the profit for the year in accordance with the provisions of the Income tax Act, 1961.
- b. Deferred tax is calculated at the rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.

- **Earning Per Share**

The company reports basic and diluted earning per share (EPS) in accordance with accounting standard 20 on "Earnings Per Share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

- **Impairment of Assets**

At each Balance Sheet an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account. The recoverable amount of assets exceeds carrying amount of assets and as such there is no impairment of assets.

- **Margin Money In the Form of FDR,s**

The Company has a procedure of receiving FDRs from its Sub-Brokers/ Clients as margins. Such Fixed Deposits are issued by the Bank in favour of NSCCL A/c LSE Securities Limited in case of NSE and Bombay Stock Exchange Limited A/c LSE Securities Limited in case of BSE. The Company deposits these FDRs with the concerned Stock Exchange as Additional Capital/ Margin Money. The issuing bank credits the Interest earned/accrued on such FDRs after deduction of TDS to the account of the concerned Sub-Brokers/ Clients. As such, the interest on such FDRs has not been accrued to the Company's account.

- **Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes.

Contingent assets are neither recognised nor disclosed in the financial statements.

LSE SECURITIES LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

Amount in (₹)

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
1. SHARE CAPITAL		
<u>AUTHORISED</u>		
130,00,000 Equity Shares of Rs 10/- each (Par Value)	130,000,000	130,000,000
20,00,000 8% Cumulative Redeemable Preference Shares of Rs 10/-each (Par Value)	20,000,000	20,000,000
	150,000,000	150,000,000
<u>ISSUED, SUBSCRIBED AND PAID UP</u>		
6441775 Equity Shares of Rs.10/- each Fully Paid Up	64,417,750	64,417,750
TOTAL	64,417,750	64,417,750

Reconciliation of number of shares outstanding

a) Equity Shares	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	6441775	64417750	6441775	64417750
Add: shares issued during the year	-	-	-	-
Outstanding at the end of the year	6441775	64417750	6441775	64417750

b) Preference Shares

	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	-	-	79046	790460
Less : Shares Redeemed during the year	-	-	79046	790460
Outstanding at the end of the year	-	-	-	-

Terms / Rights attached to Equity Shares

The company has only one class of equity shares having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity share will be entitled to receive the remaining assets of the company, after distribution of all preferential amount.

Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company.

	No. of Shares	Percentage	No. of Shares	Percentage
LUDHIANA STOCK EXCHANGE LTD (Holding Company)	3331075	51.71	3331075	51.71

PARTICULARS	Amount in (₹)	
	AS AT 31.03.2014	AS AT 31.03.2013
2. RESERVES & SURPLUS		
Securities Premium - As Per Last Year Balance Sheet	4,068,875	4,068,875
Capital Redemption Reserve - Amount Transferred During The Year	790,460	790,460
General Reserve - As Per Last Year Balance Sheet	5,387,839	5,138,330
Amount Transferred During The Year	337,897	249,509
	5,725,736	5,387,839
	10,585,071	10,247,174
Surplus in statement of Profit & Loss Account		
Opening Balance	79,904,810	79,974,291
Add: Profit for the year	13,515,860	9,980,349
Amount available for appropriation	93,420,670	89,954,640
Less: Trf to Capital Redemption Reserve	-	790,460
: Trf to General Reseve	337,897	249,509
Less: Appropriations:		
Proposed Dividend on equity shares	7,730,130	7,730,130
Dividend on preference shares	-	22,176
Distribution Dividend Tax	1,254,020	1,257,555
Closing Balance	84,098,623	79,904,810
TOTAL	94,683,694	90,151,984
3. Other Long Term Liabilities		
Deposits from Sub Brokers	37,389,059	36,835,750
Deposits from Sub Brokers for IL&FS (Future Currency)	1,500,000	1,550,000
TOTAL	38,889,059	38,385,750
4. Deferred Tax Liability (NET)		
a) Deferred Tax Liability		
- On account of depreciation of Fixed Assets	82,000	144,000
- On account of Disallowance U/S 40 A(7) of The Income Tax Act 1961	238,000	100,000
	320,000	244,000
b) Deferred Tax Asset		
- On account of Disallowance U/S 43B of The Income Tax Act 1961	(127,000)	(136,000)
TOTAL	193,000	108,000
5. Trade Payables		
Sundry Creditors	159,158,503	152,659,808
TOTAL	159,158,503	152,659,808

PARTICULARS	Amount in (₹)	
	AS AT 31.03.2014	AS AT 31.03.2013
6. Other Current Liabilities		
<u>Deposits from Sub Brokers</u> (Kept with the Principal Stock Exchanges as margins)		
(A) Bombay Stock Limited, Mumbai (BSE)	52,929,505	53,953,506
In form of FDRs	48,360,572	41,680,565
In form of Funds	4,568,933	12,272,941
(B) The National Stock Exchange of India (NSE)	656,443,059	795,823,332
In form of FDRs	402,099,597	451,500,743
In form of Funds	82,444,653	94,405,511
In form of Scrips	171,898,809	249,917,078
(C) IL&FS	8,763,675	6,477,576
In form of FDRs	7,917,174	4,050,000
In form of Funds	846,501	2,427,576
(D) Scrips held on behalf of Clients	1,144,860,650	1,109,353,456
(E) Deposit from DP clients	116,000	124,000
(F) Dp Charges Received in Advance	580,445	775,899
TOTAL	1,863,693,334	1,966,507,769
Other Payables		
Payable to Holding Company (Ludhiana Stock Exchange Limited)	354,750	369,725
Accrued Salaries and benefits	-	177,762
Cheques issued but not presented	10,390,976	8,811,666
Expenses Payable	1,361,792	1,248,389
Statutory Liabilities(including Stamp Duty, Tax Deducted at Source, Bonus, Service Tax, ESI & EPF)	1,404,157	2,030,828
Other Liabilities	1,416,811	1,006,756
TOTAL	14,928,486	13,645,126
G. TOTAL	1,878,621,820	1,980,152,895
7. Short Term Provisions		
Provision for employee benefits		
Leave Encashment	294,579	390,666
Provision For Doubtful advances	-	386,371
Proposed Dividend on Equity Shares	7,730,130	7,730,130
Dividend Distribution Tax	1,254,020	1,254,020
TOTAL	9,278,729	9,761,187

8. FIXED ASSETS

Amount in (₹)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS AT 01-04-2013	ADDITIONS	SALE/ ADJUST- MENT	AS AT 31-03-2013	AS AT 01-04-2013	FOR THE PERIOD	REVERSED DURING THE PERIOD	AS AT 31-03-2014	AS AT 31-03-2014	AS AT 31-03-2014	AS AT 31-03-2013		
A) TANGIBLE ASSETS													
FURNITURE & FIXTURES	1454298	0	16116	1438182	1139647	56918	13407	1183158	255024	1183158	314651		
VEHICLES	5865	0	0	5865	5865	0	0	5865	0	5865	0		
OFFICE EQUIPMENT	27983	0	0	27983	21401	916	0	22317	5666	22317	6582		
AIR CONDITIONER	246115	0	0	246115	148612	13563	0	162175	83940	162175	97503		
COOLERS	6330	0	0	6330	4655	233	0	4888	1442	4888	1675		
ELECTRONIC EQUIPMENTS	193108	0	0	193108	123230	9720	0	132950	60158	132950	69878		
FANS & ELECTRICAL FITTINGS	58361	0	0	58361	52099	871	0	52970	5391	52970	6262		
FIRE FIGHTING EQUIPMENT	49805	0	0	49805	35239	2026	0	37265	12540	37265	14566		
GENERATOR	77497	0	0	77497	57527	2778	0	60305	17192	60305	19970		
GLOW SIGN BOARD	59454	0	0	59454	46195	1844	0	48039	11415	48039	13259		
REFRIGERATOR	7180	0	0	7180	5285	264	0	5549	1631	5549	1895		
TELEPHONE & TELEX	266270	34480	24000	276750	188036	13382	1354	200064	76686	200064	78234		
VSAT SKYEDGE	78000	0	0	78000	50675	3801	0	54476	23524	54476	27325		
COMPUTERS	19827961	0	0	19827961	18749641	431328	0	19180969	646992	19180969	1078320		
TOTAL - A	22358227	34480	40116	22352591	20628107	537644	14761	21150990	1201601	21150990	1730120		
Previous Year	22348502	9725	0	22358227	19784053	844054	0	20628107	1730120	20628107	1730120		
B) INTANGIBLE ASSETS													
COMPUTER SOFTWARE & LICENSES	5450335	411726	0	5862061	5316132	187150	0	5503282	358779	5503282	134203		
TOTAL - B	5450335	411726	-	5862061	5316132	187150	-	5503282	358779	5503282	134203		
Previous Year	5450335	0	-	5450335	5120987	195145	-	5316132	134203	5316132	134203		
TOTAL CURRENT YEAR	27808562	446206	40116	28214652	25944239	724794	14761	26654272	1560380	26654272	1864323		
PREVIOUS YEAR	27798837	9725	0	27808562	24905040	1039199	0	25944239	1864323	25944239	1864323		

PARTICULARS	Amount in (₹)	
	AS AT 31.03.2014	AS AT 31.03.2013
9. Non Current Investments		
a) Trade Unquoted 130000 Equity Shares (P/Y 130000 Equity Shares) of Rs. 1 Each of Bombay Stock Exchange Limited	6,764,000	6,764,000
TOTAL	6,764,000	6,764,000
10. Long Term Loans and Advances		
<u>Unsecured, Considered Good</u>		
Security Deposits	39,784,210	40,986,426
Advances to Employees other than Current Maturities	115,720	221,487
Accrued interest on loan to employees other than current maturities	23,955	32,062
TOTAL	39,923,885	41,239,975
11. Other Non-Current Assets		
Planned Gratuity Assets (Net of Gratuity Obligation)	734,204	306,816
Accrued interest on term deposits having remaining maturity more than one year	1,757,175	1,255,876
TOTAL	2,491,379	1,562,692
12. INVENTORY		
Others:- Saleable Stationery	7,404	9,976
TOTAL	7,404	9,976
13. Trade Receivables		
Outstanding for a period exceeding six months from the due date of payment		
-Secured, Considered Good	16,813,365	16,131,869
-Unsecured , Considered Good	12,938,899	10,591,099
TOTAL	29,752,264	26,722,968
Others		
-Secured , Considered Good	70,574,426	92,232,862
-Unsecured , Considered Good	1,754,916	437,277
TOTAL	72,329,342	92,670,139
GRAND TOTAL	102,081,606	119,393,107
14. Cash and Bank Balances		
Cash and Cash Equivalents		
Cash in hand	40,183	32,607
Bank Balances in Current Accounts	48,954,812	25,322,375
TOTAL	48,994,995	25,354,982
Other Bank Balances		
- Term Deposits having remaining maturity of more than one year.(See Note Below)	31,000,000	60,800,000
- Term Deposits having remaining maturity not more than one year.(See Note Below)	184,000,000	163,400,000
	215,000,000	224,200,000
GRAND TOTAL	263,994,995	249,554,982

Note : The deposits represent lien marked deposits against margin with major stock exchanges, bank guarantee and bank overdraft limits.

PARTICULARS	Amount in (₹)	
	AS AT 31.03.2014	AS AT 31.03.2013
15. Short Term Loans and Advances		
<u>Unsecured, Considered Good</u>		
Advances Recoverable in Cash or in kind or for value to be received-Considered Good	668,640	1,402,975
Accrued interest on current maturities of loan to employees	46,024	51,814
Current Maturity of Advances to employees	315,707	427,281
Prepaid Expenses	825,610	456,254
Advance Income Tax (Net of Provision for Tax)	1,664,803	2,766,165
TOTAL	3,520,784	5,104,489
16. Other Current Assets		
Accrued interest on deposits with IL & FS	840,869	601,267
Accrued interest on term deposits having remaining maturity less than one year	9,385,569	10,144,918
Income Tax Refund Receivable	1,961,817	850,898
Cheques deposited but not credited by bank	-	4,905
Margins Collected by IL & FS	18,750,000	16,040,000
Members fdr kept as Margin	477,200,408	523,231,308
Members Scrips kept as Margin	171,898,809	249,917,078
Scrips held on behalf of clients	1,144,860,650	1,109,353,456
TOTAL	1,824,898,122	1,910,143,830
17. Revenue From Operations		
<u>Income from services rendered</u>		
Turnover Charges (Net)	11,717,980	9,276,698
Depository Income	10,549,879	11,751,536
Other operating revenue		
- Relating to Bombay Stock Exchange Limited, Mumbai	152,603	623,550
- Relating to National Stock Exchange of India Limited, Mumbai	85,157	143,461
TOTAL	22,505,619	21,795,245
18. Other Income		
Dividend on Non current Investment	520,000	780,000
Dividend on current Investment	354,888	874,196
Interest Income	21,902,230	23,041,814
Bad Debts Recovered	-	107,093
Service tax refund	1,500,000	-
Provisions for doubtful Advances - Reversed	386,371	-
Miscellaneous Income	536,624	739,402
TOTAL	25,200,113	25,542,505
19. Operating Expenses		
<u>STOCK EXCHANGE EXPENSES</u>		
- Relating to Bombay Stock Exchange Limited, Mumbai	1,112,071	724,892
- Relating to National Stock Exchange of India Limited, Mumbai	340,486	1,266,885
- Relating to MCX Stock Exchange Limited	43,858	1,066,686
- Depository Expenses	1,349,460	1,520,640
- Prior Period Expenses	126,645	-
TOTAL	2,972,520	4,579,103

PARTICULARS	Amount in (₹)	
	AS AT 31.03.2014	AS AT 31.03.2013
20. Employee Benefit Expenses		
Salaries and Wages	10,313,450	10,810,204
Contribution to provident and other funds	1,208,032	1,248,438
Staff Welfare Expenses	385,567	450,058
Contribution/ (Adjustment) to Gratuity Fund	(213,865)	269,980
Leave Travel Concession	11,706	462,774
TOTAL	11,704,890	13,241,454
21. Finance Cost		
Interest Expenses	9,175	69,838
Other Borrowing Costs	215,110	240,477
TOTAL	224,285	310,315
22. Other Expenses		
Advertisement	16,936	20,964
Auditors' Remuneration		
- Statutory Audit Fee	60,000	60,000
- Out of Pocket Expenses	9,753	16,111
Internal Auditors' Remuneration- Audit Fees	233,200	233,200
Internal Auditors' (Out of Pocket) Expenses	25,371	15,114
System Audit	22,500	22,500
Board/Committee Meeting Expenses	16,074	32,614
Bad Debts	31,816	-
Cable TV Expenses	214,050	213,075
Computer Media Charges	19,560	27,080
Computer Maintenance expenses	3,313,933	4,127,489
Electricity Charges	118,238	113,984
Festival Expenses	71,990	529,476
Filing Fees	470	2,109
General Expenses	234,592	253,558
Loss on Sale of Fixed Assets	12,155	-
Insurance	288,170	210,805
Lease Line charges	48,000	64,800
Legal and Professional Charges	330,278	438,754
Newspapers and periodicals	7,847	6,574
Office expenses	356,926	304,134
Provision For Doubtful Advances	-	386,371
Postage and Courier	561,934	475,039
Printing and stationery	374,750	437,399
Rates and Taxes	375,476	377,787
Rent	4,553,090	4,525,227
Repairs and Maintenance	74,812	230,195
Service Tax	8,089	164,685
Sitting Fees to Public Representatives	179,159	99,096
Telephone & Communication Charges	658,266	424,829
Travelling and Conveyance-Directors	31,315	54,325
Travelling and Conveyance-others	125,188	122,439
TOTAL	12,373,938	13,989,733

23.2 NOTES TO ACCOUNTS

The Company has deposited FDRs in its name with National Stock Exchange of India Limited amounting to Rs. 132600000 (Prev. Year Rs. 123100000) and with Bombay Stock Exchange Limited amounting to Rs. 6000000 (Prev. Year Rs. 26000000) for Base Minimum/Additional Capital and are shown under the head Fixed Deposit with scheduled banks & Rs. 800000 with NSE for FC.

FDR's of Rs. 69300000 (Prev. Year Rs.69300000) have been pledged with HDFC Bank to secured overdraft facilities to the tune of Rs. 5.98 Cr (P/Y 5.98 Cr)

- **Secured Debtors :**

The Sundry Debtors relating to the Clients Trading in Securities through the Company are secured against their securities lying with the Company and under the Clause 15 of the Tripartite Agreement between LSE Securities Limited and its Sub-Brokers and Clients.

The Company has come across financial irregularity during the year amounting to Rs.1 Cr being perpetrated by the Ex-Chairman. The amount was subsequently recovered with interest as decided by the Board of directors after considering the Enquiry Committee report.

- **Employee Benefits :**

- i) **Defined Contribution Plan:**

Company contribution to provident fund Rs.934108 (Previous Year Rs.952099)

- ii) **Defined Benefit Obligation:**

- (a) **Liabilities/Asset recognized in the balance sheet**

	Defined Benefit Plan Gratuity Funded as on 31.03-2014	Defined Benefit Plan Gratuity Funded as on 31.03-2013
Present value of obligation, beginning of the Year	2535967	2218630
Interest cost	228237	177490
Current service cost	225632	237672
Benefits paid	(81444)	(170661)
Actuarial loss on obligations	(432304)	72836
Present value of obligation, end of the Year (A)	2476088	2535967
Fair value of plan assets, beginning of the year	2842783	2486214
Expected return on plan assets	255807	230276
Contributions	193146	296954
Benefits paid	(81444)	(170661)
Fair value of plan asset at the end of the year (B)	3210292	2842783
Amount recognized in balance sheet (A-B)	(734204)	(306816)

- (b) **Expenses during the year**

Current service cost	225632	237672
Interest cost	228237	177490
Expected return on plan assets	(255807)	(230276)
Net actuarial (gain)/loss recognized in the year	(432304)	72836
Expenses recognized in statement of profit & loss	(234242)	257722

- (c) **Principal Actuarial Assumptions**

	As on 31.03.2014	As on 31.03.2013
Discount Rate	9%	8%
Salary Escalation	7%	7%

The leave with wages outstanding as on balance sheet date are expected to be availed in next 12 months, therefore it has been treated as short term employee benefits as per AS-15.

The amount of contribution to Gratuity increased by risk premium Rs.20377 (P.Y) Rs 22646 which does not contribute to the assets of company.

- **Earnings Per Share**

In accordance with Accounting Standard 20- Earnings Per Share prescribed by Companies (Accounting Standards) Rules 2006, the computation of earnings per share is set out below :

	As on 31.03.2014	As on 31.03.2013
a) Face Value per Share	10.00	10.00
b) Net Profit after Tax	13,515,860	9,980,349
c) Weighted Average No. of shares	6,441,775	6,441,775
d) Earnings per share (Basic and Diluted)	2.10	1.55

- **Contingent Liability**

The Company has issued a Bank Guarantee to the extent of Rs. 1 Cr in favour of Bombay Stock Exchange Limited against which FDRs amounting to Rs 50 Lacs, as 50% margin, have been pledged with HDFC Bank.

The Company has issued a Bank Guarantee to the extent of Rs. 1.61 Cr in favour of NSCCL A/c LSE SECURITIES LTD (F&O SEGMENT) against which FDRs received from members amounting to Rs. 1.61 Cr have been pledged with Oriental Bank of Commerce.

The Company is contingently liable to Mrs. Rajinder Kaur for Rs. 124000 or the amount as may be decided by the Court. The matter is pending with the Jurisdictional Court.

- **Membership Entrance Fee With NSE/BSE**

As resolved by the Board of Directors, the Membership Fee paid to BSE for acquiring trading rights at the Exchange has been shown under the head Non-current Investments as BSE has allotted shares against the same which was shown in previous year under the head Security Deposits in Non-Current Loans & Advances.

- Professional Charges include Rs. 10700 (Prev. Year - NIL) paid to the statutory auditors for rendering other service.

- **Related Party Disclosures - As identified by the management and relied upon by the auditors**

(a) List of related parties and description of relationship

I. Holding Company

- **Ludhiana Stock Exchange Ltd.**

II. Key managerial personnel

Pritpal Singh - Chief General Manager
Varun Madaan - AGM cum CS

(a) **Related Party Transaction**

	Holding	Key Management Personnel	Total (Figures in ₹)
Dividend	3,997,290	-	3997290
Rent (Incl. of Taxes)	4,323,060	-	4323060
Photo Copy Charges	38,513	-	38,513
Remuneration	-	456,981	456981
Total	<u>8,358,863</u>	<u>456,981</u>	<u>8,815,844</u>

- **Capital Commitment**

Capital Commitment (Net of Advances) NIL (Previous Year NIL.)

- **Figures of the previous year have been regrouped/rearranged/reclassified to make them comparable with the current year's figures, wherever considered necessary.**

Figures have been rounded off to the nearest rupee value.

Signatures to Note No. 1 to 22

For and on behalf of the Board of Directors

**For Anoop K.Goel & Co.
Chartered Accountants
(Firm Registration No. 016327N)**

**Krishan Kant Puri
Chairman**

**Jaspal Singh
Vice Chairman**

**(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966**

**Pritpal Singh
Chief General Manager**

**Rajesh Gupta
Sr. Manager Accounts**

**Place : LUDHIANA
Date : 27.08.2014**

**Pallavi Sethi
Company Secretary**

PROXY FORM

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

LSE SECURITIES LIMITED

CIN: U67120CH2000PLC023244
Registered Office : SCO 50, 1st Floor, Sector 34-A
Chandigarh 160 022.

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

I/We, being the member(s) of shares of LSE Securities Limited, hereby appoint :

- Name : _____
Address : _____
E-mail Id : _____ Signature _____, or failing him
- Name : _____
Address : _____
E-mail Id : _____ Signature _____, or failing him
- 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 15th Annual General Meeting of the Company, to be held on Saturday, September 27, 2014 at 11:30 a.m. at Hotel Park View, Sector 24, Near Indira Holiday Home, Chandigarh and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No. :

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Affix
Revenue
Stamp

Signed this _____ day of _____ 2014 _____
Signature of Shareholder Signature of Proxy holder(s)

Notes:

- The proxy, to be effective, should be duly completed and deposited at the Registered office of the Company, SCO 50, First Floor, Sector 34-A, Chandigarh 160 022 at least FORTY-EIGHT HOURS before the commencement of the Annual General Meeting.**
- A Proxy need not be a Member of the Company.**
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% 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 a proxy for any other person or shareholder.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

