

2010-2011 12th Annual Report



LSE Securities Limited

Regd. Off. : SCO 50-51, 1st Floor, Sector 34A, Chandigarh.

Corp. Off. : 1st Floor, LSE Building, Feroze Gandhi Market, Ludhiana.

BOARD OF DIRECTORS



Mr. Anurag K. Arora
Chairman



Mr. Vijay Singhania
Vice Chairman



Mr. Munish Sood
Member Director



Mr. Ajay Chaudhary
Public Representative



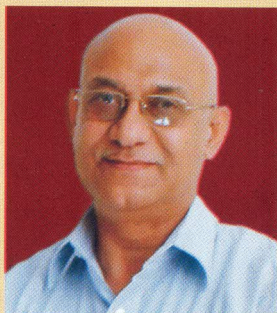
Dr. Anil K. Angrish*
Public Representative



Mr. Ashish Aggarwal
Public Representative



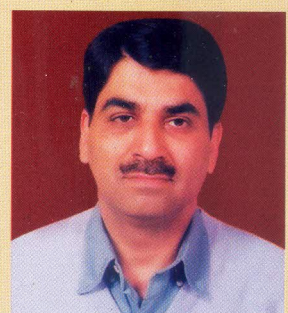
Mr. Pawan K. Garg*
Public Representative



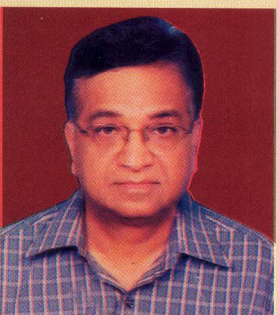
Dr. Prem Kumar
Public Representative



Dr. Rakesh K. Gupta
Public Representative



Mr. Susheel Bhakoo*
Public Representative



Mr. Vijay K. Bansal*
Public Representative



Mr. Vinesh Kumar
Public Representative



Ms. Pooja M. Kohli
LSE Representative



Mr. Kuber Kansal
LSE Representative

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Venue

12th Annual General Meeting

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

Company Details

BOARD OF DIRECTORS

▶ Mr. Anurag K. Arora	Chairman
▶ Mr. Vijay Singhania	Vice Chairman
▶ Mr. Munish Sood	Member Director
▶ Mr. Ajay Chaudhary	Public Representative Director
▶ Mr. Ashish Aggarwal	Public Representative Director
▶ Dr. Prem Kumar	Public Representative Director
▶ Dr. Rakesh K. Gupta	Public Representative Director
▶ Mr. Vinesh Kumar	Public Representative Director
▶ Mrs. Pooja M. Kohli	LSE Representative Director
▶ Mr. Kuber Kansal	LSE Representative Director

LEADERSHIP TEAM

▶ Ms. Kajal Rai	AGM cum CS
▶ Mr. Vipen Goyal	HOD - Clearing & Settlement
▶ Mr. Madhur Gupta	HOD - IT
▶ Mr. Vinay Mahajan	HOD - DP
▶ Mr. Rajinder Pal Singh	HOD - Margin
▶ Mr. Ramji	HOD - Accounts - I
▶ Mr. Ravinder S. Saini	HOD - Accounts - II
▶ Ms. Paramjeet Kahlon	HOD - HR & Surveillance
▶ Mr. Pawan Bhardwaj	HOD - Membership
▶ Ms. Sonia Makkar	HOD - KYC

Registered Office :

SCO-50-51, 1st Floor, Sector 34-A,
Chandigarh-160 022
Tele No. : 0172-3258091

Statutory Auditor :

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

Trading cum Clearing Member :

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Trading Member :

MCX-SX Stock Exchange

Corporate Office :

1st Floor, LSE Building,
Feroze Gandhi Market, Ludhiana-141 0011
Tele No. : 0161-3011158, 2774910

Internal Auditor :

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

Depository Participants :

National Securities Depository Ltd.
Central Depository Services (India) Ltd.

Bankers

HDFC Bank, ICICI Bank, Punjab National Bank,
Oriental Bank of Commerce, State Bank of Patiala,
Karur Vyasa Bank, ING Vyasa Bank, Federal Bank,
Catholic Syrian Bank, State Bank of India, Yes Bank

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, 1st Floor, Sector 34-A,
Adj. Mukat Hospital,
Chandigarh- 160 022
Ph. : 0172-501255, 5065459-60

Jalandhar

1st Floor, Milbertan Building,
Opp. Govt. Girls Higher Secondary School,
PNB Chowk, Jalandhar-144001.
Ph. : 0181-5012689

Ferozepur

Shop No. 39, Housing Board
Colony, Commercial Area,
Ferozepur City-152002
Ph. : 01632-503438

Sangrur

Near Main Post Office
Banasar Bagh Road,
Sangrur - 148001
Ph. : 01672-503281

Una

Chaudhary Ram Saran Saini Complex
Opp. Bus Stand, Dist. UNA (H.P.)
Ph. : 01975-224245

Website : igc@lssl.com (for investors), admin@lssl.com, cs@lssl.com

LSE SECURITIES LIMITED

Registered Office : SCO 50-51, 1st Floor, Sector 34-A, Chandigarh-160022.

Corporate Office : 1st Floor, LSE Building, Feroze Gandhi Market, Ludhiana.

Notice

TWELFTH ANNUAL GENERAL MEETING of the members of LSE SECURITIES LIMITED will be held on Saturday, the 24th September, 2011 at 12:00 noon at Hotel Park View, Sector 24 Near Indira Holiday Home, Chandigarh to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider, and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare final dividend on 8% Cumulative Preference Shares
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Mr. Anurag K. Arora, who retires 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 a Member Director in terms of Article 81 (a) of Articles of Association of the Company.
6. To appoint a Member Director in terms of Article 81 (a) of Articles of Association of the Company.
7. To appoint Mr. Ajay Chaudhary, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
8. To appoint Mr. Ashish Aggarwal, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
9. To appoint Dr. Prem Kumar, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
10. To appoint Mr. Rakesh K. Gupta, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
11. To appoint Mr. Vinesh Kumar, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the company till the new Public Representative is appointed in his place.
12. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration. M/s. Anoop Goel & Co. Chartered Accountants, the retiring Auditors are eligible for re-appointment as Statutory Auditor of the Company.

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 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. 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.
4. 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 19.09.2011 (Monday) upto 5:30 p.m. subject to approval of NSE, BSE, MCX-SX Stock Exchanges.
5. The Register of Members and the Share Transfer Book of the Company will remain closed from 20.09.2011 (Tuesday) to 23.09.2011 (Friday) (both days inclusive) for ascertaining the names of the shareholders to whom the dividend which if any declared at the Annual General Meeting is payable.
6. 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.
7. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

**By Order of the Board of Directors
For LSE SECURITIES LIMITED**

Place: Ludhiana

Sd/-

Date : 25.08.2011

**KAJAL RAI
AGM Cum CS**

Directors' Report

Dear Shareholders,

Your Directors have great pleasure in submitting the Twelfth Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2011.

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	31.03.2011	31.03.2010
1.	Profit Before Depreciation, Interest and Tax (PBDIT)	266.55	323.41
2.	Depreciation	(20.30)	(24.25)
3.	Interest	Nil	Nil
4.	Profit Before Tax (PBT)	246.25	299.16
5.	Provision for Taxation		
	a. Current	(82.00)	(103.48)
	b. Deferred	0.80	1.79
	c. Earlier Years	(0.18)	3.37
	d. Fringe Benefit Tax	0	0
6.	Profit After Tax (PAT)	164.87	200.85
7.	Balance brought forward from previous years	582.71	438.32
8.	Planned Gratuity Assets	0	0
9.	Profit available for appropriation	747.58	639.17
	Appropriations		
	a. Proposed Dividend		
	i) Interim Dividend	(32.08)	(23.81)
	ii) Dividend on Equity Shares	(19.24)	(23.81)
	iii) Dividend on Preference Shares	(0.63)	(0.63)
	b. Corporate Dividend Tax	(8.63)	(8.20)
10.	Surplus carried to Balance Sheet	687.00	582.71
11.	Earning Per Share (EPS)		
	a. Basic	2.57	3.32
	b. Diluted	2.57	3.31

2. OPERATING RESULTS

During the year under review the Company has earned Profit before Depreciation, Interest and Tax (PBDIT) of ₹ 266.55 lacs. The Company earned Gross income of ₹ 551.31 lacs.

Profitability

Your Company net profits after tax is ₹ 164.87 lacs. Your Company's accumulated profits available for appropriation are ₹ 747.58 Lacs as compared to ₹ 639.17 Lacs in the corresponding previous year. Similarly, the net worth of the Company as on 31.03.2011 stood at ₹ 1423.25 lacs as compared to ₹ 1303.32 lacs during the corresponding previous year.

TURNOVER

During the year under review, your company has been able to achieve an average daily turnover of ₹ 35.59 crores in “Capital Market” (CM) & ₹402.67 crores in “Futures & Options” (F&O) Segments of National Stock Exchange of India Limited and ₹22.02 crores in the “Capital Market: (CM) Segment of the Bombay Stock Exchange, Mumbai. Further Depository Income as on 31.03.2011 is ₹135.02 Lacs.

3. DIVIDEND

Your Directors feel glad to share that an interim dividend @ 5% was paid to the equity share holders of the Company amounting to ₹ 32.07 Lacs during the year. Further the Board of Directors has recommended payment of final dividend @ 3% on Equity shares for the financial year ended 31.03.2011. The total dividend outgo including interim dividend, preference dividend and tax thereon will be ₹ 60.58 lacs as against ₹ 56.46 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 turnover of ₹ 9076 Crores and ₹ 5616 Crores in Capital Market Segment of the National Stock Exchange of India Limited and the Bombay Stock Exchange, Mumbai respectively. As on 31.03.2011, there have been total 165 SEBI Registered Sub-brokers of the Company in NSE and 130 SEBI Registered Sub-brokers in BSE.

b) F&O Segment of NSE

During the year under review your company has recorded a turnover of ₹ 102680 Crores in the Futures & Options Segment of National Stock Exchange of India Limited.

c) Currency Segment

During the year, your Company got good response in Currency Derivatives segments. The turnover in Currency Derivatives was ₹ 970 Crores in NSE as compared to previous year ₹ 70.61 Crores and ₹ 381 Crores in MCX-SX Stock Exchange during the year.

d) Depository Participant Services

The business of the Depository Participant (DP) business is increasing day by day. Your Company has opened during the year 31.03.2011 around 2354 new accounts in CDSL, 241 accounts in NSDL and 22 accounts in newly started commodity segment business.

e) Client Registration Department

During the year under review your Company has registered around 3662 clients and successfully implemented all compliances as framed by SEBI, NSE, BSE and MCX-SX Stock Exchanges.

f) Future Outlook

During the current year your Company got good response regarding the Currency Derivative work. In the year 2010-2011, the number of Authorized persons has also increased by many folds and so the turnover. Further, in the Depository section, your Company got the registration in National Spot Exchange (NSEL) in which the Company is receiving healthy response and during the year your Company has launched various life time benefit schemes for the clients for the better future prospects of your Company. Your Company, as in the past, will continue to pursue its objectives of Growth with Quality at low cost. There are no major non-compliance/penalties from NSE, BSE and SEBI. Your Company also continues to focus on new opportunities to improve profitability.

The motive of your Company is to provide low cost & better quality services to its constituents in comparison to other stock broking and depository participants in the region. To sustain Growth Graph is primary motive of your Company. Your Company will continue to look for the targets and will achieve them in future.

5. Composition and Category of the Directors

Name of the Director	Category	Designation
Mr. Anurag Arora	Non-Executive Director	Chairman
Mr. Vijay Singhania	Non-Executive Director	Vice-Chairman
Mr. Munish Sood	Non-Executive Director	Member Director
Mr. Ajay Chaudhary	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
Dr. Prem Kumar	Independent and Non-Executive Director	Public Representative Director
Mr. Rakesh K. Gupta	Independent and Non-Executive Director	Public Representative Director
Mrs. Pooja M. Kohli	Non-Executive Director	LSE Representative Director
Mr. Kuber Kansal	Non-Executive Director	LSE Representative Director

At present, Mr. Anurag K. Arora, Mr. Vijay Singhania and Mr. Munish Sood 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. Anurag K. Arora being longest in the office is liable to retire by rotation at the ensuing Annual General Meeting and does not offer himself for the re-appointment. Such elected Director on the Board of the Company shall have a gap of at least one year after a consecutive period of two years before their re-appointment on the Board of Directors. Further, Mr. Krishan Kant Puri and Mr. Jatinder Garg had submitted their resignation and the Board accepted the same on 18.07.2011.

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

Further the Company received a nomination from the Parent Exchange wherein the name of Mr. Kuber Kansal was proposed as the LSE Representative Director. Your Directors welcomed the nomination and he was appointed as LSE Representative Director of the Company w.e.f. 18.07.2011.

During the period, SEBI vide its letter dated 14.07.2011 approved the nomination of Mr. Ajay Chaudhary, Mr. Ashish Aggarwal, Dr. Rakesh Kumar Gupta and Mr. Vinesh Kumar as Public Representative Directors on the Board of the Company. Your Board welcomes all the new Public Representative Directors and accepted the same w.e.f 25.08.2011. Accordingly, Dr. Anil K. Angrish, Mr. Pawan K. Garg, Mr. Susheel Bhakoo and Mr. Vijay K. Bansal being longest in the office ceased to be the Public Representative Directors on the Board of the Company w.e.f 25.08.2011. Presently, Dr. Prem Kumar, Mr. Ajay Chaudhary, Mr. Ashish Aggarwal, Dr. Rakesh Kumar Gupta 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 in terms of Article 81 (g) of the Articles of Association.

Further, Mr. Rajesh K. Sharma was appointed as the Chief Executive Officer of the Company on 11.04.2009 and the Board accepted his resignation and relieved him on 06.06.2011.

Your Directors place on record their appreciation for sincere, dedicated and valuable services rendered by the above named gentlemen to the Company and welcome all the Public Representative Directors on the Board of the Company w.e.f. 25.08.2011.

6. CORPORATE GOVERNANCE

Although your Company is not listed on any Stock Exchange and hence it is not necessary for the company to comply with the requirements of the Corporate Governance. Yet your Company has constituted eight Committees to attain higher levels of accountability, transparency, responsibility and fairness across all operations of the Company.

AUDIT COMMITTEE

The Audit Committee of your Company comprises of Mr. Pawan K. Garg as Chairman followed by Mr. Vijay K. Bansal, Mr.

Satish K. Bansal, Mr. Susheel Bhakoo, Mr. P.C Bansal, Mr. Jatinder Garg, Mr. Anurag Arora, and Mr. Munish Sood 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.

COMPUTER COMMITTEE

The Computer Committee of your Company comprises of Mr. Anurag Arora as Chairman followed by Mr. Jatinder Garg, Mr. Vineet Suri, Mr. Ajay Batra Mr. Rakesh Gupta, Mr. Sanjeev Bajaj, Mr. Munish Sood, Mr. R.Jain and Mr. Harish Nagpal as Members of the Committee.

HUMAN RESOURCE MANAGEMENT COMMITTEE

The Human Resource Management Committee of your Company comprises of Mr. Anurag K. Arora, as Chairman followed by Mr. Jatinder Garg, Mr. Krishan Kant Puri, Dr. Prem Kumar, Dr. Anil K Angrish, Mr. Vijay K Bansal, Mr. Jaspal Singh and Mr. Pillai as Members of the Committee.

TRADING BUSINESS DEVELOPMENT COMMITTEE

The Business Development Committee of your Company comprises Mr. Anurag K. Arora as Chairman followed by Mr. Pankaj Gupta, Mr. Harish Nagpal, Mr. Anil Aggarwal, Mr. Rakesh Uppal, Dr. Sandeep Kharbanda, Mr. Vipin Singla, Mr. Sanjeev Aggarwal, Mr. Mukesh Jain, Mr. Vijay Singhania and Mr. Gopal Dass Gupta as Members of the Committee”.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee of your Company comprises of Mr. Jatinder Garg as Chairman followed by Mr. Jaspal Singh, Mr. Satish K Bansal, Mr. D.P Gandhi, Mr. Ashwani Aggarwal, Mr. Sanjay Anand, Mr. Vijay Singhania, Mr. Sudhir Kumar, Dr. Anil K Angrish and Dr. Prem Kumar as Members of the Committee

SHARE TRANSFER COMMITTEE

The Share Transfer Committee of your Company comprises of Mr. Munish Sood as Chairman followed by Mr. Krishan Kant Puri and Mr. Anurag Arora as Members of the Committee

DEPOSITORY BUSINESS COMMITTEE

The Depository Business Committee of your Company comprises of Mr. Vijay Singhania as Chairman, Mr. Anurag Arora, Mr. Munish Sood, Mr. Vikas Batra, Mr. Harish Jain, Dr. Anil K. Angrish, Mr. Pankaj, Mr. Ravi Gupta and Mr. Pramod Goyal as Members of the Committee.

NEW ERA COMMITTEE

The New Era Committee of your Company comprises of Mr. Anurag K. Arora as Chairman, Mr. Hitesh Bathla, Mr. Utsav Parkash, Mr. Aman Garg, Mr. Pankaj Kumar, Mr. Karan Uppal, Mr. Archit Arora, Mr. Manjot, Mr. Sameer Maheshwari and Mr. Bhavesh makkar 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 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 31.03.2011, 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 Exchange 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 shareholder of the Company who has shown their confidence and faith towards the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

-sd-

Place: Ludhiana
Date: 25-08-2011

(ANURAG ARORA)
CHAIRMAN

Auditors' Report

The Members,
LSE Securities Limited

1. We have audited the attached balance sheet of LSE Securities Limited as at 31st March, 2011, the related Profit & Loss Account of the company for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 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 explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
 - iii. The balance sheet, Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto and statement on significant accounting policies given in the prescribed manner, the information required by the Act, and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the balance sheet, of the state of affairs of the company as at 31st March 2011;
 - b. in the case of the Profit & Loss Account of the net profit for the year ended on that date.

For ANOOP K. GOEL & CO.
Chartered Accountants,

Anoop Kumar (Partner)
Membership Number : 096966

Place: Ludhiana.

Date : 25.08.2011

Annexure to the Auditors' Report

(Referred to in Paragraph 3)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us the fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification. In our opinion, the frequency of physical verification of fixed assets is reasonable with regard to the size of the Company and nature of its business.
- (c) According to the information and explanations given to us, the Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) 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 31-03-2011, valued at cost or net realisable value, whichever is lower.
- (iii) 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, paragraphs 3(b), 3(c), 3(d), 3(f) and 3(g) of the Order, are not applicable.
- (iv) 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) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) 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 our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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) (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 31.03.2011 for a period of more than six month from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited in account of any dispute.

- (x) The Company has neither accumulated losses as at March 31, 2011, nor it has incurred any cash losses during the financial year ended on that date and the immediately preceding financial year.
- (xi) 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 bank as at the balance sheet date.
- (xii) 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) The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities and debentures and any other securities in its own name, but it is a member of BSE, NSE & MCX-SX Stock Exchanges and trading & dealing in shares, securities, debentures and other investment through and for its sub-brokers and clients only, therefore, clause (xiv) is not applicable on it.
- (xv) 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 (xv) of the order is not applicable.
- (xvi) The Company has not obtained any term loans, accordingly clause (xvi) of the order is not applicable.
- (xvii) 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) According to the information and explanations given to us, the Company has made preferential allotment of shares to the parties covered in the register maintained under Section 301 of the Act and the price at which such shares have been allotted, is not detrimental to the interest of the Company.
- (xix) 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 (xix) of the order is not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
- (xxi) According to the information and explanations 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,
(Firm Registration No. 016327N)

Place: Ludhiana.

Date : 25-08-2011

Anoop Kumar (Partner)
Membership Number : 096966

LSE SECURITIES LIMITED**BALANCE SHEET AS AT 31ST MARCH 2011**

Amount In ₹

PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	I	65208210	64303210
b) Share Application Money		0	922500
c) Reserves & Surplus	II	77907275	66817967
		143115485	132043677
2. DEFERRED TAX LIABILITY		336000	416000
TOTAL		143451485	132459677
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	III	27484496	25590576
b) Less : Depreciation		23457247	21427388
c) Net Block		4027249	4163188
2. INVESTMENTS		21510000	10000
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Sundry Debtors	V	122231981	139098227
b) Cash & Bank Balances		349973669	391612253
c) Other Current Assets		2090085254	2633020250
d) Loans & Advances		60668474	54745213
TOTAL (A)		2622959378	3218475943
LESS:CURRENT LIABILITIES & PROVISIONS		VI	
Current Liabilities & Provisions		2505045142	3090189454
TOTAL (B)		2505045142	3090189454
NET CURRENT ASSETS (A-B)		117914236	128286489
TOTAL		143451485	132459677

Significant Accounting Policies and Notes to Accounts XI
 Schedule referred above form an integral part of the Financial Statements.

As per our report of even date attached
 for ANOOP K. GOEL & CO.
 CHARTERED ACCOUNTANTS
 (ANOOP KUMAR)
 PARTNER
 MEMBERSHIP NO. 096966

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Anurag K. Arora
 Chairman

Vijay Singhania
 Vice Chairman

Kajal Rai
 AGM cum CS

PLACE : LUDHIANA
 DATED : 25-08-2011

LSE SECURITIES LIMITEDPROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

Amount In ₹

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
INCOME			
Turnover Charges (Net)		17915738	20556422
Depository Income		13502810	14830560
Other Income	VII	23712276	24496546
TOTAL (A)		55130824	59883528
EXPENDITURE			
Operating Expenses	VIII	4996314	5622828
Personnel Expenses	IX	12549669	10785627
Administrative Expenses	X	10929696	11134318
Depreciation & Amortisation		2029859	2424839
TOTAL (B)		30505538	29967612
PROFIT BEFORE TAX (A-B)		24625285	29915916
Less Provision			
- Current Tax		8200000	10348000
- Deferred Tax		(80000)	(179000)
Add - Income Tax Adjustments Earlier Years		(17613)	337592
PROFIT AFTER TAX		16487672	20084508
ADD : BALANCE BROUGHT FORWARD		58270762	43832020
BALANCE AVAILABLE FOR APPROPRIATION		74758434	63916528
APPROPRIATIONS			
Interim Dividend on Equity Shares		3207636	2381205
Proposed Dividend on Equity Shares		1924582	2381205
Dividend on preference shares		63237	63237
Corporate Dividend Tax		862909	820119
BALANCE CARRIED TO BALANCE SHEET		68700070	58270762

Earning per share

(Rs. Per Equity Share of Rs. 10 each)

Basic	2.57	3.32
Diluted	2.57	3.31
No. of Shares used in Computing Earning Per Share (Basic)	6415272	5953026
No. of Shares used in Computing Earning Per Share (Diluted)	6415272	5963045

Significant Accounting Policies and Notes to Accounts XI

Schedule referred above form an integral part of the Financial Statements.

As per our report of even date attached
for ANOOP K. GOEL & CO.
CHARTERED ACCOUNTANTS

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Anurag K. Arora
Chairman

Vijay Singhania
Vice Chairman

Kajal Rai
AGM cum CS

PLACE : LUDHIANA
DATED : 25-08-2011

LSE SECURITIES LIMITEDSCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011

Amount In ₹

PARTICULARS

AS AT 31.03.2011 AS AT 31.03.2010

SCHEDULE I -SHARE CAPITAL**AUTHORISED**

130,00,000 Equity Share (Previous Year 1,30,00,000 Equity Shares) of Rs. 10/- each	130000000	130000000
20,00,000 8% Cumulative Redeemable Preference Shares of Rs. 10/- each	20000000	20000000
	150000000	150000000

ISSUED, SUBSCRIBED AND PAID UP

6441775 Equity Shares of Rs.10/- each Fully Paid Up (Previous Year 6351275 Equity Shares of Rs. 10 each)	64417750	63512750
79046, 8% Cumulative Redeemable Preference Shares of Rs 10/-each	790460	790460
TOTAL	65208210	64303210

NOTE :

1. Out of above 3331075 Equity shares of Rs. 10/- each (P.Y. 3089700 Shares) fully paid up are held by Ludhiana Stock Exchange Ltd. i.e. Holding Company.
2. 8% cumulative preference shares are redeemable at par on expiry of six years from the date of allotment i.e. August 7, 2006.

SCHEDULE II - RESERVES & SURPLUS

General Reserve - As per last Year Balance Sheet	5138330	5138330
Share Premium - As per last Year Balance Sheet	3408875	3408875
Addition during the year	660000	
TOTAL	4068875	
Surplus as per annexed Profit & Loss Account	68700070	58270762
TOTAL	77907275	66817967

SCHEDULE IV-INVESTMENTS**TRADE INVESTMENTS****LONG TERM: (at cost)**

Unquoted Equity Shares (Fully Paid)	10000	10000
130000 Equity Shares (Previous Year 130000 Shares) of Bombay Stock Exchange Ltd. of Re. 1/- each		
Unquoted Units of Mutual Fund	20000000	0
Current Investments (at lower cost and fair value)		
Unquoted Units of Mutual Fund	1500000	0
TOTAL	21510000	10000

NOTE :

1. Aggregate Amount of Investment in Unquoted Mutual Fund		
Cost	21500000	0
Market Value	21771712	0

Market Value of investment in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds

LSE SECURITIES LIMITED
SCHEDULE - III FIXED ASSETS

Amount In ₹

PARTICULARS	AS AT 01-04-10	ADDITIONS	SALE/ ADJUSTMENT	AS AT 31-03-2011	AS AT 01-04-10	FOR THE PERIOD	REVERSED DURING THE PERIOD	AS AT 31-03-2011	NET BLOCK	
									AS AT 31-3-2011	AS AT 31-03-10
GROSS BLOCK										
DEPRECIATION										
A) TANGIBLE ASSETS										
AIR CONDITIONER	224215	0	0	224215	97550	17619	0	115169	109046	126665
COMPUTERS	17825249	1721120	0	19546369	15306652	1621202	0	16927854	2618515	2518597
COOLERS	6330	0	0	6330	3703	365	0	4068	2262	2627
CYCLE	5865	0	0	5865	5865	0	0	5865	0	0
ELECTRONIC EQUIPMENTS	180108	13000	0	193108	83761	15022	0	98783	94325	96347
FANS & ELECTRICAL FITTINGS	49691	0	0	49691	39872	1366	0	41238	8453	9819
FIRE FIGHTING EQUIPMENT	49805	0	0	49805	26965	3177	0	30142	19663	22840
FURNITURE & FIXTURES	1452789	11800	0	1464589	949173	92784	0	1041957	422632	503616
GENERATOR	77497	0	0	77497	46184	4356	0	50540	26957	31313
GLOW SIGN BOARD	59454	0	0	59454	38665	2892	0	41557	17897	20789
OFFICE EQUIPMENT	27983	0	0	27983	17663	1436	0	19099	8884	10320
REFRIGERATOR	7180	0	0	7180	4209	413	0	4622	2558	2971
TELEPHONE & TELEX	243075	1000	0	244075	147097	14351	0	161448	82627	95978
VSAT SKYEDGE	78000	0	0	78000	35155	5960	0	41115	36885	42845
TOTAL - A	20287241	1746920	0	22034161	16802514	1780943	0	18583457	3450704	3484727
B) INTANGIBLE ASSETS										
COMPUTER SOFTWARE & LICENCE	5303335	147000	0	5450335	4624874	248916	0	4873790	576545	678461
TOTAL - B	5303335	147000	-	5450335	4624874	248916	-	4873790	576545	678461
TOTAL CURRENT YEAR	25590576	1893920	0	27484496	21427388	2029859	0	23457247	4027249	4163188
TOTAL PREVIOUS YEAR	23719542	1890734	19700	25590576	19012207	2424839	9658	21427388	4163188	

LSE SECURITIES LIMITEDSCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011

Amount In ₹

PARTICULARS

AS AT 31.03.2011

AS AT 31.03.2010

SCHEDULE V - CURRENT ASSETS LOANS & ADVANCES**(A) SUNDRY DEBTORS****(I) SECURED :**

Sundry Debtors NSE	600624	1176056
Sundry Debtors BSE	1537261	592828
Sundry Debtors Broking Clients/Other	111682403	131013146

	113820288	132782030
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Out of which

More than six months	11054520	8354778
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Others	102765768	124427252
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Total I	113820288	132782030
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(II) Unsecured, Considered good unless otherwise stated

Sundry Debtors-DP	8411693	6316197
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Out of which

More than Six months	8220795	6083950
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Others	190898	232247
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Total II	8411693	6316197
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TOTAL (A) (I + II)	122231981	139098227
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(B) CASH & BANK BALANCES

(a) Cash In Hand	75612	53295
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(b) Bank Balances with Scheduled Banks

(i) In Current Accounts	26683456	140565817
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(ii) In Fixed Deposits	323214601	250993141
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TOTAL (B)	349973669	391612253
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(C) OTHER CURRENT ASSETS

1. Members' FDRs kept as Security	390431339	524687386
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2. Members' Scrips kept as Security	113736858	210879760
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3. Scrips held on behalf of Clients	1576297766	1885155962
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4. Stock of stationery	97765	58743
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5. Material in Hand	324076	0
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6. Interest Accrued on FDRs	9197450	12238399
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TOTAL (C)	2090085254	2633020250
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(D) LOANS & ADVANCES

(Unsecured, considered good unless otherwise stated)

1. Advances Recoverable in Cash or in kind or for value to be received-

Considered Good	1705271	2215130
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2. Security Deposits	54868650	49658050
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3. Prepaid Expenses	399195	844496
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4. Advance Income Tax (Net of Provisions)	3694817	2015366
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5. Advance Fringe Benefit Tax (Net of Provisions)	541	12171
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TOTAL (D)	60668474	54745213
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GRAND TOTAL	2622959378	3218475943
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LSE SECURITIES LIMITEDSCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011

Amount In ₹

AS AT 31.03.2011

AS AT 31.03.2010

SCHEDULE VI - CURRENT LIABILITIES AND PROVISIONS**CURRENT LIABILITIES****SUNDRY CREDITORS**

Sundry Creditors NSE	1119936	3324192
Sundry Creditors BSE	0	11626
Sundry Creditors FC NSE	372183	0
Sundry Creditors Broking Clients	188469141	260313285
Sundry Creditors Other	540007	0
DP Charges Received in Advance	1192447	1538321
	191693714	265187424

SECURITY FROM MEMBERS

(Kept with the principal stock exchanges as margins)

(A) Bombay Stock Exchange Limited, Mumbai (BSE)

In form of FDRs	62265659	86512441
In form of Funds	4834138	19415799
	67099797	105928240

(B) The National Stock Exchange of India (NSE)

In form of FDRs	323590680	436474945
In form of Funds	133173244	115761989
In form of Scrips	113736858	210879760
	570500782	763116694

(C) IL & FS

In form of FDRs	1500000	0
In form of Funds	4475291	2170000
	5975291	2170000

(D) Security Deposit from Members

Kept with BSE for Capital Market	1500000	7701300
Kept with NSE for Capital Market	24050000	7434800
Kept with NSE for F&O	6325000	7375000
Kept with NSE for FC	1350000	1170000
Scrips held on behalf of Clients	1576297766	1885155962
Deposit from DP Clients	56000	0
	1623078766	1908837062

TOTAL SECURITIES FROM MEMBERS (A+B+C+D)**2266654636****2780051996****OTHER LIABILITIES**

Expenses Payable	1650649	1140983
TDS Payable	479638	512805
Stamp Duty Payable	298584	306117
Cheques issued but not presented	34641484	35037420
Other Liabilities	3568073	2306943
TOTAL	40638428	39304268

PROVISIONS

Dividend on Equity Shares (Interim)	3207636	2381205
Proposed Dividend on Equity Shares	1924582	2381205
Dividend on Preference shares	63237	63237
Corporate Dividend Tax	862909	820119
	6058364	5645766

TOTAL OF CURRENT LIABILITIES & PROVISIONS**2505045142****3090189454**

LSE SECURITIES LIMITEDSCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

Amount In ₹

PARTICULARS**CURRENT YEAR****PREVIOUS YEAR****SCHEDULE VII - OTHER INCOME****INTEREST ON FDR'S (A)**

21231598

21673871

Gross of TDS Rs. 2045434.52 (Previous Year Rs. 2698567.82)

Relating to Trading on BSE (B)

Annual Subscription Fee

95000

83063

Additional Licence Fee for Neat XS

38400

130000

Bolt Terminal Charges

155500

190500

288900**403563****Relating to Trading on NSE (C)**

Additional Licence Fee for Neat XS

69200

91000

69200

91000

Miscellaneous Receipts (D)

1396496

1694829

DIVIDEND RECEIVED (E)

726082

633283

GRAND TOTAL (A+B+C+D+E)

23712276

24496546

SCHEDULE VIII- OPERATING EXPENSES**STOCK EXCHANGE EXPENSES (A)****i) Bombay Stock Exchange Limited., Mumbai**

BOI Shareholding Ltd. Charges

46085

46750

Annual Subscription

13000

7000

Contribution to IPF / TGF

11216

16350

Lease Line Charges MTNL

415111

262303

VSAT Support Charges

480000

480000

Miscellaneous Expenses

77697

61594

TOTAL**1043109****873997****ii) National Stock Exchange of India Limited., Mumbai**

Annual Subscription

100000

100000

Contribution to CPF / IPF

1411

1044

SEBI Fee

50000

50000

V-SAT Support Charges

400000

400000

Miscellaneous Expenses

375601

304843

TOTAL**927012****855887****DEPOSITORY EXPENSES (B)**

Depository Participant Expenses.-NSDL

1529180

1813912

Depository Participant Expenses.-CDSL

973431

1183654

Commission paid on Depository Services

17575

27350

Processing Fee For National Spot Exchange

200000

0

TOTAL**2720186****3024916****OTHERS (C)**

Financial Charges

288502

595028

SMS Facility Charges

12000

0

Processing Fee For MCX

5505

0

Cost of Additional Licences of Neat - XS

0

273000

TOTAL**306007****868028****GROSS TOTAL (A+B+C)**

4996314

5622828

LSE SECURITIES LIMITEDSCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

Amount In ₹

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
SCHEDULE IX - PERSONNEL EXPENSES		
Basic Salary	3526337	3336320
Dearness Allowance	3032724	2867532
House Rent Allowance	1003837	920844
Wages For Contratual Services	34822	0
Conveyance Allowance	70500	62000
Transport Allowance	899681	760061
Bonus	643021	683372
Leave Travel Concession	493350	31731
Leave Encashment	134930	117949
Contribution to PF/EPF/ESI	1171148	1046647
Medical Reimbursement	31200	28203
Medical Allowance	206975	200860
Gratuity Expenditure	257776	76818
Contribution to Staff Welfare Fund	63050	43350
Staff Welfare	579319	579778
Staff Recruitment Exps.	36500	10102
Training Expenses	0	20060
Turnover Allowance	364499	0
TOTAL	12549669	10785627
SCHEDULE X- ADMINISTRATIVE EXPENSES :		
Legal & Professional Charges	201883	438259
Lease Line / Vsat Charges	64800	114238
Travelling & Conveyance - Directors	22100	14300
Travelling & Conveyance - Others	67997	101800
Printing & Stationery	582785	478414
Auditors' Remuneration		
- Statutory Audit Fee	55000	50000
- Out of Pocket Expenses	11117	5857
Internal Auditors' Remuneration- Audit Fees	227900	232000
Internal Auditors' (Out of Pocket) Expenses	24267	32426
System Audit	15001	15001
Postage & Courier Charges	559397	566169
Computer Hardware & Software Maintenance	3433602	2879563
Board Meeting Expenses	9692	18077
Committee Meeting Fees	12000	23000
Telephone, Telex & Fax Charges	747679	870185
Insurance paid	44631	98354
Sitting Fees to Public Representatives	57500	75000
Office Maintenance Expenses	528951	267266
Filing Fees	4100	7100
General Expenses	64412	168156
Festival expenses	317824	226119
Cable TV Expenses	231300	203030
Electric Charges	107840	87602
Advertisement Expenses	5210	12567
General Repair & Maintenance	162574	88362
Computer Media Charges	41188	85640
Rent Paid	3328947	3273076
Loss on Assets Written Off	0	10042
Bad Debts written off	0	692715
TOTAL	10929696	11134318

LSE SECURITIES LIMITED

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2011 SCHEDULE-XI SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- **Accounting Convention**

The accounts are prepared on accrual basis under the historical cost convention in accordance with the Accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956 and other relevant provisions of the said Act.

- **Revenue Recognition**

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.

- **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.

- **Fixed Assets**

Fixed assets are stated at historical cost less depreciation.

- **Intangible Assets**

Intangible assets of the Company are stated at cost less accumulated amount of amortization.

- **Depreciation**

Depreciation is provided on written down value method on all the assets of the Company. Depreciation for the year is provided in accordance with and in the manner specified in the schedule XIV of the Company Act, 1956.

- **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.

- **Amortization**

Intangible Assets are amortized on straight-line method. These assets are amortized over their estimated useful life.

- **Employee benefits**

- (1) **Provident Fund**

The Provident fund is deposited in accordance with the Employees Provident Fund and Miscellaneous provisions Act, 1952 and the contribution is charged to the Profit & Loss Account.

- (2) **Gratuity**

The company's gratuity is a defined plan. The company's liability towards gratuity is determined using the projected unit credit method which recognises each period of service as giving rise to additional unit of employee benefit

entitlement. The gratuity scheme is operated through Group Gratuity Scheme of Life Insurance Corporation of India Limited. The liabilities are provided based on actuarial valuation certified by Life Insurance Corporation of India Limited. Actual gains and losses are charged to Profit & Loss Account.

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

The Membership Fee paid to NSE/BSE for acquiring trading rights at these Exchanges has been shown under the head Security Deposits in Loans & Advances.

- **Investments**

Investments are classified into

- a) Long Term Investments
- b) Current Investments

Investment intended to held for one year or more are classified as long term investments.

Investments which are intended to be held for less than one year are classified as current assets.

Long term Investment is carried at cost less provision, if any, for diminution in the value of investment which is not temporary. Current Investments are carried at lower of cost and fair value.

In case of investment in mutual fund, the net assets value of units declared by the mutual fund is considered as fair value.

- **Accounting for Taxes on Income**

- Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprise both current and deferred tax.
- Current Tax is measured at the amount expected to be paid/recovered from the revenue authorities, using the applicable tax rates and laws.
- The Tax effect of the timing difference that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset 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 form of FDRs**

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 NSCCLA/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 and Contingent Liabilities**

Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:

- (I) The Company has a present obligation as a result of a past event;
- (II) Probable outflow of resources embodying economic benefits is expected to settle the obligation; and
- (III) The amount of the obligation can be reliably estimated.

- **Contingent liability is disclosed in the case of:**

- (I) Present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation, or
- (II) Possible obligation, unless the probability of outflow in settlement is remote.

2. NOTES TO ACCOUNTS

- Intangible assets (Computer Software & Licences) are amortized over a period of five years being the useful life estimated by the management, beginning with the year in which the said assets are put to use.
- The Company has deposited FDRs in its name with National Stock Exchange of India amounting to Rs. 21,02,61,559 (Rs. Twenty One Crore Two Lacs Sixty One Thousand Five Hundred Fifty Nine only) and with Bombay Stock Exchange of India amounting to Rs 3,60,00,000 (Rs. Three Crore Sixty Lacs Only) for Base Minimum/Additional Capital and are shown under the head Fixed Deposit with scheduled banks.
- FDR's of Rs. 7,09,53,041.74 have been pledged with HDFC Bank to secured overdraft facilities to the tune of Rs. 6.40 Cr.

- **Related party**

(a) List of related parties and relationship

I. Holding company

- Ludhiana Stock Exchange Ltd.

II. Key managerial personnel

- Rajesh Kumar Sharma - Chief Executive Officer
- Kajal Rai - Assistant General Manager

(a) Related party transaction

	Holding Company	Key Managerial Personnel	Total
Rent (Incl. of Taxes)	2919204	--	2919204
Dividend	2664860	--	2664860
Remuneration	0	1215880	1215880
Total	5584064	1215880	6799944

- **Capital Commitment**

Capital Commitment (Net of Advances) Rs. NIL (Previous Year Rs. 974719)

- 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.
- The Company is not a manufacturing Company and therefore information as required under Item 4C & 4D of PART II of the schedule VI of the Companies Act, 1956 is not applicable to the Company.

- **Employee Benefits:**

- i) **Defined Contribution Plan:**

Company contribution to provident fund Rs. 884593 (Previous Year Rs. 816766)

- ii) **Defined Benefit Obligation:**

(a) Liability recognized in the balance sheet	Defined benefit plans Gratuity (Funded) as at 31.3.2011	Defined benefit plans Gratuity (Funded) as at 31.3.2010
Present value of obligation,	1629458	1482236
Interest Cost	126962	115185
Current Service Cost	201397	217555
Benefits Paid	0	(74818)
Actuarial loss on obligations	101101	(110700)
Present value of obligation, at the end of the year (A)	2058918	1629458
Fair value of plan assets, beginning of the year	1698553	1560883
Expected return on plan assets	171684	145222
Contributors	334562	67266
Benefits paid	0	74818
Actuarial gain / (loss) on plan assets	0	0
Fair value of plan asset at the end of the year (B)	2204799	1698553
Amount recognized in balance sheet (A-B)	(145881)	(69095)
(b) Expenses during the year		
Current service cost	201397	217555
Interest Cost	126962	115185
Expected return on plan assets	(171684)	(145222)
Net actuarial (gain) / loss recognized in the year	101101	(110700)
Expenses recognized in statement of profit and loss	257776	76818
(c) Principal Actuarial Assumptions	As on 31.03.2011	As on 31.03.2010
Discount Rate	8%	8%
Salary Escalation	7%	7%

- **Deffered Tax Liability**

Tax Effect of The Timing Differences on Account of :	As on 31.03.2011	As on 31.03.2010
Difference Between Book and Tax Depreciation	398000	392000
Disallowance Under Section 40A(7) of The Income Tax Act 1961	48000	24000
Disallowance Under Section 43B of The Income Tax Act 1961	(110000)	0
Deffered Tax Liability	<u>336000</u>	<u>416000</u>

- **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 funds amounting to Rs. 60 Lacs, as 60% margin, have been pledged with HDFC Bank.

LSE SECURITIES LIMITED

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE
(SUBMITTED IN TERMS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956)

1. Registration Details

Registration No.

1 6 - 2 3 2 4 4 2 0 0 0

State Code

5 3

Balance Sheet Date

3 1

0 3

2 0 1 1

2. Capital Raised during the year (Amount in Thousands)

Public Issue

N I L

N I L

Right Issue

N I L

N I L

3. Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities

1 4 3 4 5 1

Total Assets

1 4 3 4 5 1

Sources of Funds

Paid up Capital

6 5 2 0 8

Share Application Money

0

Secured Loans

N I L

Application of Funds

Net Fixed Assets

4 0 2 7

Net Current Assets

1 1 7 9 1 4

Reserves & Surplus

7 7 9 0 7

Deferred Tax Liability

3 3 6

Unsecured Loans

N I L

Investments

2 1 5 1 0

Misc. Expenditure

N I L

4. Performance of Company (Amount in Thousands)

Gross Receipts

5 5 1 3 1

Profit Before Tax

2 4 6 2 5

Earning Per Share

2 . 5 7

Total Expenditure

3 0 5 0 5

Profit After Tax

1 6 4 8 8

Dividend Rate %

8 %

5. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) : Not applicable

Product Description : NIL

As per our report of even date attached
for ANOOP K. GOEL & CO.
CHARTERED ACCOUNTANTS

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

PLACE : LUDHIANA
DATED : 25-08-2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Anurag K. Arora
Chairman

Kajal Rai
AGM cum CS

Vijay Singhania
Vice Chairman



LSE SECURITIES LIMITED

Registered Office : SCO 50-51, 1st Floor, Sector 34-A, Chandigarh-160022.

PROXY

I/We _____ of _____ in the district of _____ being a Member/ Members of M/s. LSE Securities Ltd, hereby appoint Mr./Ms. _____ of _____ of _____ in the district of _____ or failing him, Mr. _____ of _____ in the district of _____ of _____ as my /our proxy to attend & vote for me /us on my/our behalf at the 12th Annual General Meeting of the Company, to be held on Saturday, 24th September, 2011 at 12:00 noon at Hotel Park View, Sector 24, Near Indira Holiday Home, Chandigarh and at any adjournment thereof.

Signed this _____ day of _____ 2011

Reference Folio No.

No. of shares

Signature _____

Affix Re. 1/- Revenue Stamp

Notes:

1. The proxy, to be effective, should be deposited at the Registered Office of the Company, SCO 50-51, 1ST floor, Sector 34-A, Chandigarh 160 022 at least FORTY-EIGHT HOURS before the commencement of the Annual General Meeting.
2. A Proxy need not be a Member of the Company.



LEADERSHIP TEAM



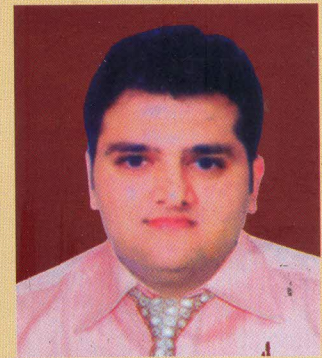
Ms. Kajal Rai
AGM cum CS



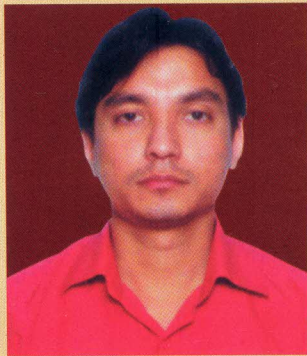
Mr. Vipen Goyal
HOD - Clearing & Sett.



Mr. Madhur Gupta
HOD - IT



Mr. Vinay Mahajan
HOD - DP



Mr. Ram Ji
HOD - Accounts-I



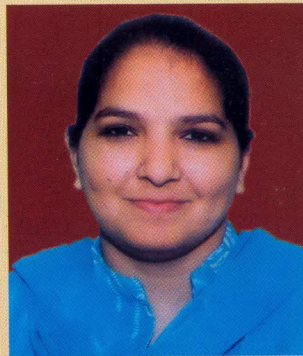
Mr. Rajinder Pal Singh
HOD - Margins



Mr. Ravinder S. Saini
HOD - Accounts-II



Mr. Pawan Bhardwaj
HOD - Membership



Ms. Paramjeet Kaur
HOD - Surveillance & HR



Ms. Sonia Makkar
HOD - KYC



LSE Securities Limited

Regd. Off. : SCO 50-51, 1st Floor, Sector 34A, Chandigarh.

Corp. Off. : 1st Floor, LSE Building, Feroze Gandhi Market, Ludhiana.