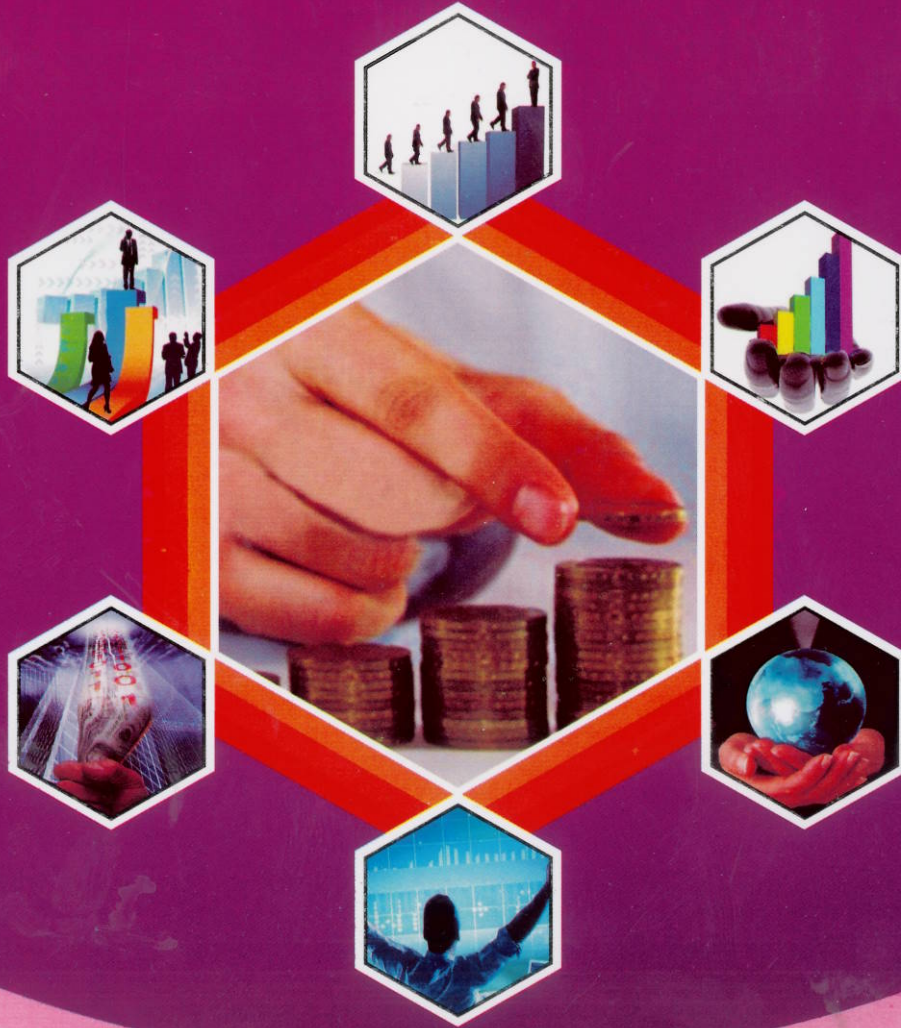


ANNUAL REPORT

2008-09

10 YEARS
Journey of
EXCELLENCE



LSE SECURITIES LIMITED



BOARD *of* Directors



Krishan Kant Puri
Chairman



Rajesh K. Sharma
Chief Executive Officer



Manoj Sarna
Vice Chairman



Manjit Singh Sarna
Member Director



Vishal Goomber
Member Director



Lalit Kishore
Member Director



Pooja M. Kohli
LSE Representative



Prem Kumar
Public Representative



Anil K. Angrish
Public Representative



Vijay K. Bansal
Public Representative



Susheel Bhakoo
Public Representative



Pawan K. Garg
Public Representative



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Venue

10th 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. Manoj Sarna	Vice-Chairman
Mr. Manjit Singh Sarna	Member Director
Mr. Vishal Goomber	Member Director
Mr. Lalit Kishore	Member Director
Dr. Anil K. Angrish	Public Representative Director
Dr. Prem Kumar	Public Representative Director
Mr. Susheel Bhakoo	Public Representative Director
Mr. Vijay K. Bansal	Public Representative Director
Mr. Pawan Kumar Garg	Public Representative Director
Mrs. Pooja M. Kohli	LSE Representative Director

LEADERSHIP TEAM

Mr. Rajesh K Sharma	Chief Executive Officer
Ms. Kajal Rai	Company Secretary
Mr. Hardeep Singh	Head (Account I)
Mr. Ravinder Saini	Head (Accounts II)
Mr. Vinay Mahajan	Head (DP)
Mr. Rajinder Pal Singh	Head (Margin)
Mr. Vipen Goyal	Head (Clearing & Settlement)
Mr. Madhur Gupta	Head (IT)
Mr. Pawan Bhardwaj	Head (Membership Department)
Ms. Sangeeta Gupta	Head (Personnel)
Ms. Sonia Makkar	Head (KYC)

Registered Office :

SCO-50, 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- 141010

Trading Cum Clearing Member

National Stock Exchange of India Limited
Bombay Stock Exchange Limited
MCX-SX Stock Exchange (Trading Member)

Bankers

HDFC Bank, ICICI Bank, Overseas Corporate Bank
Punjab National Bank, Citi Bank
State Bank of India, Indusind Bank, Yes Bank

Corporate Office :

1st Floor, LSE Building,
Feroze Gandhi Market, Ludhiana-141 001
Tele No. : 0161-3011158, 2774910

Internal Auditor

M/s. R. K. Deepak & Co.
527-R, 2nd Floor, Citi Tower,
Model town, Ludhiana-141002

Depository Participants

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

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

Jalandhar

15-B, Link Road, Model Town
Near State Bank of India,
Jalandhar
Ph. : 0181-5012690, 5073480

Ferozepur

Near HM School, Malwal Road,
Ferozepur.
Ph. : 01632-503438, 503437

Sangrur

Near Main Post Office
Banasar Bagh Road,
Sangrur - 148001

Una

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

Website: igc@lsei.com (for investors) ceo@lsei.com, cs@lsei.com

**LSE SECURITIES LIMITED**

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

Notice

Notice is hereby given that the Tenth Annual General Meeting of the members of LSE SECURITIES LIMITED will be held on Saturday the 26th Day of September 2009 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, 2009 the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on 8% Cumulative Preference Shares
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Mr. Krishan Kant Puri, 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 Director in place of Mr. Manoj Sarna, who retires by rotation in terms of Article 81 (a) of Articles of Association of Company and does not offer himself for the re-appointment
6. To appoint Dr. Anil K. Angrish, 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.
7. 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.
8. To appoint Mr. Vijay K. Bansal, 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 Mr. Pawan K. Garg, 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. Susheel Bhakoo, 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 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.

AS SPECIAL BUSINESS:

12. To consider and if thought fit to pass, with or without modifications, the following resolution as a special resolution.



“RESOLVED THAT in accordance with the provisions of section 80, 81, 81(1-A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force or any amendment in future thereto) and enabling provisions of the Memorandum and Articles of Association of the Company and subject to the approval of all other concerned authorities, if any, and to the extent necessary and such other appropriate permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") the consent of the Company be and is hereby accorded to the Board to issue, offer and allot in one or more stages up to 503500 Equity Shares of Rs. 10/- each of the aggregate face value of Rs. 50,35,000 (Fifty Lacs Thirty Five Thousand Rupees only) at a premium of Rs. 5/- (Five Rupees only) per share having total value including premium to the tune of Rs. 75,52,500 (Seventy Five Lakh Fifty Two Thousand Five Hundred Rupees only), to the persons/ entities including promoters as the Board at its sole discretion may at any time or times hereafter decide for general corporate purposes including capital expenditure, working capital requirements, strategic investments, as the Board may deem fit and/or by any one or more or a combination of the above modes/ methods or otherwise and in one or more tranches, as may be permitted under the then prevailing laws, as the Board may in its absolute discretion think fit.”

“RESOLVED FURTHER THAT Mr. Vishal Goomber, Director and Ms. Kajal Rai, Company Secretary be and are hereby authorised jointly to do all acts, deed or things to give effect to the above resolution.”

By Order of the Board of Directors

**Place: Ludhiana
Date: 22.08.2009**

**Sd/-
Kajal Rai
Company Secretary**

Notes:

1. The relative Explanatory Statement pursuant to section 173(2) of The Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto & forms part of the notice.
2. 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.
3. 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.
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 with the Company on or before 21.09.2009 (Monday) upto 5:30 pm subject to approval of NSE & BSE.
5. The Register of Members and the Share Transfer Book of the Company will remain closed from 22.09.2009 (Tuesday) to 25.09.2009 (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.



Annexure to the Notice

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 12

The Company proposes to allot the Equity Shares of Rs. 10 each at a premium of Rs. 5/- per share for general corporate purposes including Capital Expenditure, Working Capital requirements, Strategic Investments, as the Board may deem fit. The allotment will be made to the persons making application for the same. As per Unlisted Public Companies (Preferential Allotment) Rules, 2003, no issue of shares on a preferential basis can be made by a company unless authorized by its Articles of Association and unless a special resolution is passed by the members in a General Meeting authorizing the Board of Directors to issue the same. The required disclosures as per the mentioned rules are as under:

- (i) The shares are proposed to be allotted at a price of Rs. 15/- per equity share (including premium).
- (ii) The price has been arrived at, as approved by the Board of Directors of the Company in its meeting held on 22.08.2009.
- (iii) The allotment is proposed to be made for general corporate purposes including capital expenditure, working capital requirements, strategic investments, as the Board may deem fit.
- (iv) The allotment will be made to the persons making application for the same.
- (v) The promoters/directors/key management persons may also subscribe to the offer.
- (vi) As on 22.08.2009, the promoters of the company jointly hold 53.16% of the total holding of the Company.
- (vii) The allotment will be completed within next 12 months.
- (viii) No change in the control is intended or expected.

Your Directors, therefore recommend the said resolution for your approval.

None of the Directors is concerned or interested in the aforesaid resolutions.

By order of the Board

Place : Ludhiana

Dated : 22.08.2009

Sd/-
Kajal Rai
Company Secretary



Directors' Report

Dear Shareholders,

Your Directors have great pleasure in submitting the Tenth Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2009.

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	31.03.2009	31.03.2008
1.	Profit Before Depreciation, Interest and Tax (PBDIT)	231.37	316.38
2.	Depreciation	(26.55)	(33.13)
3.	Interest	(1.76)	(4.14)
4.	Profit Before Tax (PBT)	203.06	279.11
5.	Provision for Taxation		
	a. Current	(75)	(100.00)
	b. Deferred	0.16	5.20
	c. Earlier Years	(0.48)	3.86
	d. Fringe Benefit Tax	(0.97)	(1.20)
6.	Profit After Tax (PAT)	126.77	186.97
7.	Balance brought forward from previous years	353.44	199.46
8.	Planned Gratuity Assets	0	7.85
9.	Profit available for appropriation	480.21	394.28
	Appropriations		
	a. Proposed Dividend		
	i) Dividend on Equity Shares	(35.17)	(34.27)
	ii) Dividend on Preference Shares	(0.63)	(0.63)
10.	b. Corporate Dividend Tax	(6.08)	(5.93)
11.	Surplus carried to Balance Sheet	438.33	353.45
12.	Earning Per Share (EPS)		
	a. Basic	2.16	3.27
	b. Diluted	2.16	3.27

2. OPERATING RESULTS

During the year under review the Company has earned Profit before Depreciation, Interest and Tax (PBDIT) of Rs. 231.37 lacs as compared to the corresponding previous year figure of Rs. 316.38 lacs. The Company earned an income of Rs. 494.65 lacs in the current year as compared to income of Rs. 609.78 earned in the corresponding previous year.

Profitability

Your Company's net profit after tax is Rs. 126.77 lacs as compared to Rs. 186.79 lacs in the previous year. Your Company's accumulated profits available for appropriation is Rs. 480.21 lacs as compared to Rs. 394.28 lacs in the corresponding previous year. Similarly, the net worth of the company as on 31.03.2009 stood at



Rs. 1089.37 lacs as compared to Rs. 997.93 lacs during the corresponding previous year.

Turnover

During the year under review, your Company has been able to achieve an average daily turnover of Rs. 33.89 crores in "Capital Market" (CM) & Rs. 299.48 crores in "Futures & Options" (F&O) Segments of National Stock Exchange of India Limited and Rs. 22.86 crores in the "Capital Market: (CM) Segment of the Stock Exchange, Mumbai. Further, Depository Income is Rs. 119.22 lacs.

3. DIVIDEND

The Board of Directors has recommended payment of dividend @6% on Equity Share for the financial year ended 31.03.2009. The total dividend outgo including preference dividend & tax thereon will be Rs. 41.88 lacs as against Rs. 40.83 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 Rs. 8234.11 Crores and Rs. 5555.71 Crores in Capital Market Segment of the National Stock Exchange of India Limited and the Bombay Stock Exchange, Mumbai respectively. During the year, 31.03.2009, there have been total 157 SEBI Registered Sub-brokers of the company in NSE and 118 SEBI Registered Sub-brokers in BSE.

b) F&O Segment of NSE

During the year under review your Company has recorded a turnover of Rs. 72773.05 Crores in the Futures & Options Segment of National Stock Exchange of India Limited.

c) Depository Participant Services

The business of the Depository Participant (DP) is increasing day by day. Your Company has opened during the year 31.03.2009 2986 accounts in CDSL.

d) Client Registration Department

During the year under review your Company has opened around 4501 client registration accounts and successfully implemented all compliance as framed by NSE, BSE and SEBI.

e) Future Outlook

During the current year your Company got registration in the Currency Derivative Segment with the National Stock Exchange of India Limited and MCX-SX Stock Exchange. Your Company as in the past will continue to pursue its objectives of growth with quality. There are no major non compliance / penalties from NSE, BSE and SEBI. Your Company also continues to focus on new opportunities to improve profitability. Due to global melt down, turnover was low during the year 2008-09 but the Company maintained respectable profits.

However, your Company is expecting that it will be able to regain its turnover during the current year and to provide to low cost and better quality services to its constituents in comparison to other stock broking and depository participants in the region. Your Company will continue to look for the targets and will achieve them well in time.



5. Composition and Category of the Directors

Mr. Krishan Kant Puri	Non-Executive Director	Chairman
Mr. Manoj Sarna	Non-Executive Director	Vice-Chairman
Mr. Vishal Goomber	Non-Executive Director	Member Director
Mr. Lalit Kishore	Non-Executive Director	Member Director
Mr. Manjit Singh Sarna	Non-Executive Director	Member Director
Dr. Anil Angrish	Independent and Non-Executive Director	Public Representative Director
Mr. Pawan K. Garg	Independent and Non-Executive Director	Public Representative Director
Dr. Prem Kumar	Independent and Non-Executive Director	Public Representative Director
Mr. Susheel Bhakoo	Independent and Non-Executive Director	Public Representative Director
Mr. Vijay K. Bansal	Independent and Non-Executive Director	Public Representative Director
Mrs. Pooja M. Kohli	Non-Executive Director	LSE Representative Director

At present Mr. Krishan Kant Puri, Mr. Manoj Sarna, Mr. Lalit Kishore, Mr. Manjit Singh Sarna and Mr. Vishal Goomber 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. Manoj Sarna being longest in the office are liable to retire by rotation at the ensuing Annual General Meeting and does not offer them selves 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.

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

Further the Company received the nomination from the Parent Exchange wherein the name of Mrs. Pooja M. Kohli, Sr. G.M. cum C.S. was proposed as the LSE Representative Director. Your Directors welcomed Mrs. Pooja M. Kohli as LSE Representative Director on the Board.

During the period, SEBI vide its letter dated 27.01.2009 approved the nomination of Dr. Prem Kumar as Public Representative Director on the Board of the Company. Accordingly, Mr. Vinay Shrivastav being longest in the office ceased to be on the Board of the Company. Presently, Dr. Anil K. Angrish, Mr. Vijay K. Bansal, Mr. Susheel Bhakoo, Mr. Pawan Kumar Garg and Dr. Prem 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.

Your Directors place on record their appreciation for sincere, dedicated and valuable services rendered to the Company by Mr. Vinay Shrivastav during their tenure as Public Representative Director of the Board.

6. CORPORATE GOVERNANCE

Although your Company is not listed with 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 six 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 and Mr. Vijay K. Bansal, Mr. Susheel Bhakoo, Mr. Krishan Kant Puri and M.S.Sarna 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. Krishan Kant Puri as Chairman and Mr. Manoj Sarna, Mr. M.S.Sarna, Mr. Vishal Goomber, Mr. Lalit Kishore and Dr. Anil K. Angrish as Members of the Committee.

HUMAN RESOURCE MANAGEMENT COMMITTEE

The Human Resource Management Committee of your Company comprises of Dr. Anil K. Angrish as Chairman and Mr. Krishan Kant Puri, Mr. M. S.Sarna, Mr. Vijay K. Bansal, Dr. Prem Kumar, Mr. Pawan Kumar Garg and Mr. Susheel Bhakoo as Members of the Committee.

BUSINESS DEVELOPMENT COMMITTEE

The Business Development Committee of your Company comprises Mr. Vishal Goomber as Chairman and Mr. Manoj Sarna, Dr. Prem Kumar, Dr. Anil K. Angrish, M.S.Sarna and Mr. Lalit Kishore as Members of the Committee.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee of your Company comprises of Mr. Manoj Sarna as Chairman and Mr. Lalit Kishore, Mr. Vijay K. Bansal, Mr. Pawan K. Garg, Mr. Susheel Bhakoo, Mr. Krishan Kant Puri and Mr. Vishal Goomber as Members of the Committee

SHARE TRANSFER COMMITTEE

The Share Transfer Committee of your Company comprises of Mr. Vishal Goomber as Chairman and Mr. Lalit Kishore and Mr. M.S.Sarna 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 allowed.
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 31.03.2009, 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, 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

Place : Ludhiana

Dated : 22.08.2009

Sd/-
(Krishan Kant Puri)
Chairman



Auditors' Report

The Members,
LSE Securities Limited

1. We have audited the attached balance sheet of LSE Securities Limited as at 31st March, 2009, the related Profit & Loss Account and Cash Flow Statement 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 and cash flow statement 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 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 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 2009;
 - b. in the case of the Profit & Loss Account of the net profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

Place : Ludhiana

Dated : 22.08.2009

For ANOOP K. GOEL & CO.
Chartered Accountants

Anoop Kumar (Partner)
Membership Number : 096966



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 31-03-2009, 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 31.03.2009 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, 2009, 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, debentures and other investments in its own name, but it is a member of BSE & NSE and trading & dealing in shares, securities, debentures and other investment through its sub-brokers 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 not made any preferential allotment of shares to the parties covered in the register maintained under Section 301 of the Act. Accordingly, clause (xviii) of the order is not applicable.
- (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.

Place : Ludhiana

Dated : 22.08.2009

For ANOOP K. GOEL & CO.
Chartered Accountants

Anoop Kumar (Partner)
Membership Number : 096966



LSE SECURITIES LIMITED			
BALANCE SHEET AS AT 31ST MARCH 2009			
PARTICULARS	SCHEDULE	Amount In Rs.	
		AS AT 31.03.2009	AS AT 31.03.2008
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	I	59655460	59210460
b) Share Application Money		290000	0
c) Reserves & Surplus	II	50060350	41372735
		110005810	100583195
II. DEFERRED TAX LIABILITY			
		595000	611000
TOTAL		110600810	101194195
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	III	23719541	23067748
b) Less : Depreciation		19012207	16357699
c) Net Block		4707334	6710049
2. INVESTMENTS			
	IV	10000	10000
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Sundry Debtors		111908656	221614738
b) Cash & Bank Balances		314185372	352085501
c) Other Current Assets		1548254872	2352519048
d) Loans & Advances		54830673	77954113
TOTAL (A)		2029179573	3004173400
LESS:CURRENT LIABILITIES & PROVISIONS			
Current Liabilities & Provisions	VI	1923296097	2909699254
TOTAL (B)		1923296097	2909699254
NET CURRENT ASSETS (A-B)		105883476	94474146
TOTAL		110600810	101194195

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

Krishan Kant Puri
Chairman

Pawan Kumar Garg
Audit Committee - Chairman

Rajesh Kumar Sharma
Chief Executive Officer

Hardeep Singh
Head of Accounts Department

PLACE : LUDHIANA
DATED : 22-08-2009



LSE SECURITIES LIMITED			
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009			
PARTICULARS	SCHEDULE	CURRENT YEAR	Amount In Rs.
			PREVIOUS YEAR
INCOME			
Turnover Charges (Net)		17385368	24962702
Depository Income		11922431	14896495
Other Income	VII	20157289	21118814
TOTAL		49465088	60978011
EXPENDITURE			
Operating Expenses	VIII	4935586	8747257
Personnel Expenses	IX	11937892	11588987
Administrative Expenses	X	9631033	9418005
Depreciation & Amortisation		2654509	3312663
TOTAL		29159020	33066912
PROFIT BEFORE TAX		20306068	27911099
Less Provision			
- Current Tax		7500000	10000000
- Deferred Tax		(16000)	(520000)
- Fringe Benefit Tax		97000	120000
Add - Income Tax Adjustments Earlier Years		(48308)	385520
PROFIT AFTER TAX		12676760	18696619
ADD : BALANCE BROUGHT FORWARD		35344655	19945951
ADD : Planned Gratuity Assets Belonging to Previous Years' (Net of Obligation)		0	785313
BALANCE AVAILABLE FOR APPROPRIATION		48021415	39427883
APPROPRIATIONS			
Proposed Dividend on Equity Shares		3517596	3426851
Proposed Dividend on preference shares		63237	63237
Corporate Dividend Tax		608562	593140
BALANCE CARRIED TO BALANCE SHEET		43832020	35344655

Earning per share		
(Rs. Per Equity Share of Rs. 10 each)		
Basic	2.16	3.27
Diluted	2.16	3.27
No. of Shares used in Computing Earning Per Share (Basic)	5862662	5711418
No. of Shares used in Computing Earning Per Share (Diluted)	5864716	5711418

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 AND ON BEHALF OF THE BOARD OF DIRECTORS

for ANOOP K. GOEL & CO.
CHARTERED ACCOUNTANTS

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

PLACE : LUDHIANA
DATED : 22-08-2009

Krishan Kant Puri
Chairman

Pawan Kumar Garg
Audit Committee - Chairman

Rajesh Kumar Sharma
Chief Executive Officer

Hardeep Singh
Head of Accounts Department

**LSE SECURITIES LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2009

Amount In Rs.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	20306068	27911099
Adjustment for Depreciation and Amortization	2654509	3312663
Interest Expenses	176383	414160
Amount Written Off/Written Back	88927	58029
Adjustment for Gratuity Expenditure	0	785313
Profit On Sale of Assets	0	(38832)
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES	23225887	32442432
(Increase) / Decrease in Sundry Debtors	109617155	(130004941)
(Increase) / Decrease in Other Current Assets	804264176	(1289714547)
(Increase) / Decrease in Loans & Advances	23122881	(24102630)
Increase / (Decrease) in Sundry Creditors	(106593318)	232685921
Increase / (Decrease) in Security From Members	(876240529)	1376909557
Increase / (Decrease) in Other Liabilities	(3675477)	2706626
Taxes Paid (Net)	(7644750)	(10180295)
NET CASH FLOW / (USED IN) OPERATING ACTIVITIES	(33923975)	190742123
Cash Flow From / (Used In) Investing Activities		
Sale of fixed Assets	0	133500
Increase in Fixed Assets	(651793)	(2631175)
NET CASH FLOW / (USED IN) INVESTING ACTIVITIES	(651793)	(2497675)
Cash Flow From / (Used In) Financing Activities		
Dividend Paid Including Dividend Tax Rs.593140 (P. Y. Rs. 484189)	(4083228)	(3333195)
Share Capital including share premium of Rs. 200250 (P. Y. Rs. 677250)	645250	2409750
Share Application Money	290000	0
Interest Expenses	(176383)	(414160)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	(3324361)	(1337605)
Net Cash Inflows/(Outflows)	(37900129)	186906843
Cash & Cash Equivalent at beginning of the period	352085501	165178658
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	314185372	352085501

NOTES :

- The above cash flow statement has been prepared under the 'indirect method' as set up in accounting standard on cash flow statement issued by ICAI.
- Previous years' figure have been regrouped / rearranged wherever necessary to confirm to current years' presentation.

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

Krishan Kant Puri
Chairman

Pawan Kumar Garg
Audit Committee - Chairman

PLACE : LUDHIANA
DATED : 22-08-2009

Rajesh Kumar Sharma
Chief Executive Officer

Hardeep Singh
Head of Accounts Department

**LSE SECURITIES LIMITED**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009

Amount In Rs.

PARTICULARS

AS AT 31.03.2009 AS AT 31.03.2008

SCHEDULE I - SHARE CAPITAL**AUTHORISED**

130,00,000 Equity Share (Previous Year 60,00,000 Equity Shares) of Rs. 10/- each	130000000	60000000
20,00,000 8% Cumulative Redeemable Preference Shares of Rs. 10/- each	20000000	20000000
	150000000	80000000

ISSUED, SUBSCRIBED AND PAID UP

5886500 Equity Shares of Rs.10/- each Fully Paid Up (Previous Year 5842000 Equity Shares of Rs. 10 each)	58865000	58420000
79046, 8% Cumulative Redeemable Preference Shares of Rs 10/-each	790460	790460
TOTAL	59655460	59210460

1. Out of above 30,89,700 Equity shares of Rs.10/- each fully paid up are held by Ludhiana Stock Exchange Ltd. i.e. Holding Company
2. 8% cumulative preference shares are redeemable after six years 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	889750	889750
	200250	
TOTAL	1090000	
Surplus as per annexed Profit & Loss Account	43832020	35344655
TOTAL	50060350	41372735

SCHEDULE IV-INVESTMENTS**TRADE INVESTMENTS****LONG TERM:**

Quoted Equity Shares (Fully Paid)	0	0
Unquoted Equity Shares (Fully Paid)	10000	10000
130000 Equity Shares (Previous Year 10000 Equity Shares) of Bombay Stock Exchange Ltd. of Rs. 1/- each		

OTHER INVESTMENTS**LONG TERM(Unquoted)**

	0	0
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CURRENT(Unquoted)

	0	0
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TOTAL	10000	10000
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LSE SECURITIES LIMITED
SCHEDULE - III FIXED ASSETS

PARTICULARS	AS AT 01-04-08	ADDITIONS	SALE/ ADJUSTMENT	AS AT 31-3-09	DEPRECIATION				NET BLOCK	
					AS AT 01-04-08	FOR THE PERIOD	REVERSED DURING THE PERIOD	AS AT 31-03-09	AS AT 31-3-09	AS AT 31-03-08
A) TANGIBLE ASSETS										
AIR CONDITIONER	224215	0	-	224215	53311	23773	-	77084	147131	170904
COMPUTERS	16261149	114920	-	16376069	12757227	1408163	-	14165390	2210679	3503922
COOLERS	6330	0	-	6330	2785	493	-	3278	3052	3545
CYCLE	5865	0	-	5865	5865	0	-	5865	0	0
ELECTRONIC EQUIPMENTS	180108	0	-	180108	50112	18082	-	68194	111914	129996
FANS & ELECTRICAL FITTINGS	44994	1350	-	46344	31745	3193	-	34938	11406	13249
FIRE FIGHTING EQUIPMENT	49805	0	-	49805	18988	4287	-	23275	26530	30817
FURNITURE & FIXTURES	1355143	56880	-	1412023	645479	166223	-	811702	600321	709664
GENERATOR	77497	0	-	77497	35248	5877	-	41125	36372	42249
GLOW SIGN BOARD	59454	0	-	59454	31404	3902	-	35306	24148	28050
OFFICE EQUIPMENT	27983	0	-	27983	14059	1937	-	15996	11987	13924
REFRIGERATOR	7180	0	-	7180	3171	558	-	3729	3451	4009
TELEPHONE & TELEX	215416	26939	-	242355	109170	24716	-	133886	108469	106246
VSAT SKYEDGE	78000	0	-	78000	20191	8041	-	28232	49768	57809
TOTAL - A	18593139	200089	-	18793228	13778755	1669245	-	15448000	3345228	4814384
B) INTANGIBLE ASSETS										
COMPUTER SOFTWARE	4474609	451704	-	4926313	2578944	985263	-	3564207	1362106	1895665
TOTAL - B	4474609	451704	-	4926313	2578944	985263	-	3564207	1362106	1895665
TOTAL CURRENT YEAR	23067748	651793	-	23719541	16357699	2654508	-	19012207	4707334	6710049
TOTAL PREVIOUS YEAR	20517690	2690928	140870	23067748	13091238	3312663	46202	16357699	6710049	

**LSE SECURITIES LIMITED**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009

Amount In Rs.

PARTICULARS

AS AT 31.03.2009 AS AT 31.03.2008

SCHEDULE V - CURRENT ASSETS LOANS & ADVANCES**(a) SUNDRY DEBTORS****(1) SECURED :**

Sundry Debtors NSE	1085900	4026623
Sundry Debtors BSE	355990	572872
Sundry Debtors Broking Clients/Other	105721477	211830690
	107163367	216430185

Out of which

More than six months	23029498	4488267
Others	84133869	211941918
total	107163367	216430185

(2) Unsecured, Considered good unless otherwise stated

Sundry Debtors-DP	4745289	5184553
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Out of which

More than Six months	4558951	5000155
Others	186338	184398
total	4745289	5184553

TOTAL (a) (I + II)

	111908656	221614738
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(b) CASH & BANK BALANCES

Cash In Hand	39609	95294
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(b) Bank Balances with Scheduled Banks

(i) In Current Accounts	159330841	116990207
(ii) In Fixed Deposits	154814922	235000000

TOTAL (b)

	314185372	352085501
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(c) OTHER CURRENT ASSETS

1. Members' FDRs kept as Security	470728006	547930854
2. Members' Scrips kept as Security	74853764	321279846
3. Scrips held on behalf of Clients	994996632	1474374953
4. Stock of stationery and pan card/coupons (Stock of Stationery valued using FIFO Method)	85709	68678
5. Interest Accrued on FDRs	7512114	8864718
6. Planned Gratuity Asset (Net of Gratuity Obligations)	78647	0
TOTAL (c)	1548254872	2352519048

(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 including Rs. 204968/- due from Ludhiana Stock Exchange Limited i.e. Holding Company (Previous year credit balance of Rs. 27385)	2606157	574270
2. Security Deposits	48557344	73657344
3. Prepaid Expenses	387783	442551
4. Advance Income Tax (Net of Provisions)	3264009	3263488
5. Advance Fringe Benefit Tax (Net of Provisions)	15380	16460
TOTAL (d)	54830673	77954113

GRAND TOTAL OF CURRENT ASSETS, LOANS & ADVANCES

	2029179573	3004173400
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**LSE SECURITIES LIMITED**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009

Amount In Rs.

PARTICULARS

AS AT 31.03.2009

AS AT 31.03.2008

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

Sundry Creditors NSE	1572148	3654615
Sundry Creditors BSE	11952	21560
Sundry Creditors Broking Clients	244781736	346962839
DP Charges Received in Advance	1356270	3498786
Internet Charges received in Advance	0	134000
SEBI Turnover Fee Payable - NSE	28529	72153
	247750635	354343953

SECURITY FROM MEMBERS

(Kept with the principal stock exchanges as margins)

(A) Bombay Stock Limited, Mumbai (BSE)

In form of FDRs	80450027	122220000
In form of Funds	5029300	19862900
	85479327	142082900

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

In form of FDRs	390277979	425710854
In form of Funds	79904887	140654565
In form of Scrips	74853764	321279846
	545036630	887645265

(C) Security Deposit from Members

Kept with BSE for Capital Market	13500000	12750000
Kept with NSE for Capital Market	21600000	20400000
Kept with NSE for F&O	5875000	5475000
Scrips held on behalf of Clients	994996632	1474374953
	1035971632	1512999953
TOTAL SECURITIES FROM MEMBERS (A+B+C)	1666487589	2542728118

OTHER LIABILITIES

Expenses Payable	1481006	1711861
TDS Payable	452030	2187400
Transaction Charges refundable	0	760088
Stamp Duty Payable	401388	1493103
Service Tax Payable	17100	0
Provisions for gratuity obligation (net of planned assets)	0	156834
Other Liabilities	2516954	2234669
TOTAL	4868478	8543955

PROVISIONS

Dividend on equity shares	3517596	3426851
Dividend on Preference shares	63237	63237
Corporate Dividend Tax thereon	608562	593140
	4189395	4083228

TOTAL OF CURRENT LIABILITIES & PROVISIONS**1923296097****2909699254**

**LSE SECURITIES LIMITED**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

Amount In Rs.

PARTICULARS

CURRENT YEAR

PREVIOUS YEAR

SCHEDULE VII - OTHER INCOME**INTEREST ON FDR'S**

Gross of TDS Rs. 3539367 (Previous Year Rs. 3935481)

17274477

18769557

Relating Trading on BSE

Annual Subscription Fee

82000

76000

Bolt Terminal Charges

242100

369029

324100

445029

Relating Trading on NSE

Additional Licence Fee for Neat XS

258800

636000

IPF Charges

258800

128747

258800

764747

Dividend Income

441703

125000

441703

125000

Miscellaneous Income

1858209

1014481

1858209

1014481

TOTAL

20157289

21118814

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

BOI Shareholding Ltd. Charges

45640

30391

Annual Subscription

10000

10000

Contribution to IPF / TGF

11052

20988

Lease Line Charges MTNL

198097

230617

VSAT Support Charges

480000

480000

Miscellaneous Expenses

79352

48400

TOTAL (A)

824141

820396

ii) National Stock Exchange of India Limited., Mumbai

Annual Subscription

100000

100000

Contribution to CPF / IPF

464

878

V-SAT Support Charges

328165

540748

Miscellaneous Expenses

176308

212678

TOTAL (B)

604937

854304

DEPOSITORY EXPENSES

Depository Participant Expenses.-NSDL

1595052

2764158

Depository Participant Expenses.-CDSL

949998

1354476

Commission paid to sub-brokers on DP Accounts

23350

163025

TOTAL (C)

2568400

4281659

OTHERS

SEBI Fee

50000

50000

Flex Term Charges

333370

620000

Financial Charges

215738

457929

Auction Charges NSE/BSE

0

494969

Cost of Additional Licence of Neat - XS

339000

1168000

938108

2790898

TOTAL

4935586

8747257

**LSE SECURITIES LIMITED**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

Amount In Rs.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
SCHEDULE IX - PERSONNEL EXPENSES		
Basic Salary	3280439	3060616
Dearness Allowance	2821170	2249516
House Rent Allowance	922083	855755
Conveyance Allowance	937090	814256
Bonus	791976	725627
Leave Travel Concession	484609	324207
Leave Encashment	226341	262698
Contribution to PF/EPF/ESI	1077901	986385
Medical Allowance / Reimbursement	223006	189745
Gratuity Expenditure	377299	1230758
Contribution to Staff Welfare Fund	41825	39225
Staff Welfare	700448	557131
Staff Recruitment Exps.	17205	177619
Training Expenses	36500	115449
TOTAL	11937892	11588987
SCHEDULE X- ADMINISTRATIVE EXPENSES :		
Legal & Professional Charges	579425	427939
Lease Line / Vsat Charges	122471	81203
Travelling & Conveyance - Directors	26000	5200
Travelling & Conveyance - Others	194857	335763
Printing & Stationery	527429	979308
Auditors' Remuneration		
- Statutory Audit Fee	50000	45000
- Other Services	0	8000
- Out of Pocket Expenses	7651	13849
Internal Auditors' Remuneration- Audit Fees	213865	212000
Internal Auditors' (Out of Pocket) Expenses	49920	62955
Postage & Courier Charges	753133	821910
Computer Hardware & Software Maintenance	2309351	2202663
Board Meeting Expenses	16447	23783
Committee Meeting Fees	38000	70000
Telephone, Telex & Fax Charges	593035	602933
Insurance paid	112086	60953
Sitting Fees to Public Representatives	125000	132500
Office Maintenance Expenses	442345	339549
Filing Fees	355200	6500
General Expenses	99646	303803
Festival expenses	216308	172295
Cable TV Expenses	185040	183615
Electric Charges	122462	126553
Guest House Expenses	0	525
Advertisement Expenses	44171	19250
General Repair & Maintenance	103663	173791
Computer Media Charges	98203	213402
Rent Paid	2156398	1734736
Bad Debts written off	88927	58029
TOTAL	9631033	9418005

**LSE SECURITIES LIMITED**

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009
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 has created a Group Gratuity Fund administrated by trustees and managed by insurance companies. Gratuity is payable to all employees on resignation, retirement, death while in employment or on termination of employment in



form of lump sum payment equivalent to 15 days basic salary payable for each completed year of service. Right to gratuity occurs to employee upon the completion of five years of services. The company makes annual contribution to funds, which is debited to profit and loss account. An external actuary as values the said gratuity plans at the balance sheet date using the projected unit credit method, to determine the present value of the defined benefit obligation and the related service cost. Under this method the determination is based on actuarial calculation, which include assumption about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognized in profit/loss account.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

- **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**
Long term Investment in shares of Bombay Stock Exchange Ltd. has been shown at cost.
- **Accounting for Taxes on Income & Fringe Benefit**
 - 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.
 - Fringe Benefit Tax (FBT) payable under the provisions of section 115WC of the guidance note on "Accounting for Fringe Benefit Tax" issued by the ICAI regarded as an additional income tax and considered in determination of profits for the year. Tax on distributed profits payable in accordance with the provisions of section 115O of the income tax act, 1961 is in accordance with the guidance note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.
- **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.
- **Cash flow statement**
The cash flow statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statement" and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the cash flow statement consist of cash on hand and fixed deposits with banks.
- **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) 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.7,53,00,000 (Rs Seven Crores Fifty Three Lacs only) and with Bombay Stock Exchange of India amounting to Rs 3,80,00,000 (Rs Three Crore Eighty Lacs Only) for Base Minimum/Additional Capital and are shown under the head Fixed Deposit with scheduled banks.

- **Related party**

- (a) List of related parties and relationship

- I. Holding company

- Ludhiana Stock Exchange Ltd.

- II. Key managerial personnel

- Gurbhagwant Singh - General Manager

- (a) Related party transaction

	Holding Company	Key Managerial Personnel	Total
Rent	1511200	--	1511200
Dividend	1853820	--	1853820
Managerial Remuneration	----	246225	246225
Total	3365020	246225	3611245

**Employee Benefits:****a) Defined Contribution Plan:**

Company contribution to provident fund Rs. 826688

b) Defined Benefit Obligation:

(a) Liability recognized in the balance sheet	Defined benefit plans Gratuity (Funded) as at 31.3.2009	Defined benefit plans Gratuity (Funded) as at 31.3.2008
i) Present value of obligation, beginning of the year	1118492	179381
Interest Cost	81903	13454
Current Service Cost	156820	156820
Benefits Paid	(126713)	(387244)
Actuarial loss on obligations	251734	1156081
Present value of obligation at the end of the year	1482236	1118492
Less		
ii) Present Value of Plan Gratuity Assets		
Fair value of plan assets, beginning of the year	961658	993727
Expected return on plan assets	113158	95597
Contributors	612780	259576
Benefits paid	(126713)	(387244)
Actuarial gain / (loss) on plan assets	NIL	NIL
Fair value of plan asset as on 31.03.2008	1560883	961658
Amount recognized in balance sheet	(78647)	156834
(b) Expenses during the year		
Current service cost	156820	156820
Interest Cost	81903	13454
Expected return on plan assets	(113458)	95597
Net actuarial (gain) / loss recognized in the year	251734	1156081
Expenses recognized in statement of profit and loss	377299	1230758
(c) Principal Actuarial Assumptions		
Discount Rate	8%	8%
Salary Escalation	7%	7%

This being the first year in which the company has adopted the Revised Accounting Standard 15 on Employee Benefits Comparatives has not been included.

• There are contingent Liabilities in respect of	As at 31.03.2009 (In Rs.)	As at 31.03.2008 (In Rs.)
Bank Guarantees	NIL	2,50,00,000

- 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.



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 0 9

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

Public Issue

N I L

Right Issue

N I L

N I L

4 4 5

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

Total Liabilities

1 1 0 6 0 0

Total Assets

1 1 0 6 0 0

Sources of Funds

Paid up Capital

5 9 6 5 5

Reserves & Surplus

5 0 0 6 0

Share Application Money

2 9 0

Deferred Tax Liability

5 9 5

Secured Loans

N I L

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

4 7 0 7

Investments

1 0

Net Current Assets

1 0 5 8 8 3

Misc. Expenditure

N I L

4. Performance of Company (Amount in Thousands)

Gross Receipts

4 9 4 6 5

Total Expenditure

2 9 1 5 9

Profit Before Tax

2 0 3 0 6

Profit After Tax

1 2 6 7 7

Earning Per Share

2 . 1 6

Dividend Rate %

6 %

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 : 22-08-2009

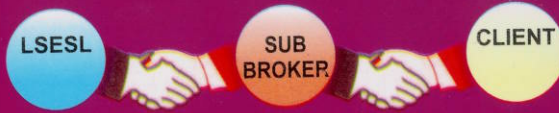
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Krishan Kant Puri
Chairman

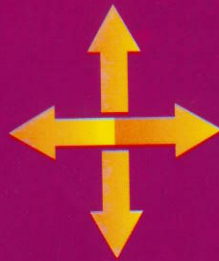
Pawan Kumar Garg
Audit Committee - Chairman

Rajesh Kumar Sharma
Chief Executive Officer

Hardeep Singh
Head of Accounts Department



DEVELOPING NEW RELATIONSHIPS



BUILDING A SMART
XPRESS STRONG
ONLINE
TRADIG SYSTEM



2000



2009



LSE SECURITIES LIMITED
 Regd. Off. : SCO 50, 1st Floor,
 Sector 34A, Chandigarh
 Corp. Off. : 1st Floor, LSE Building,
 Feroze Gandhi Market, Ludhiana