

# 11th Annual Report 2009-2010

‘Offering Many Reasons  
to Invest through ’

**LSE Securities Limited**



# Board of Directors



**Anurag Arora**  
Chairman



**Vishal Goomber**  
Vice Chairman



**Rajesh K. Sharma**  
Chief Executive Officer



**Manjit Singh Sarna**  
Member Director



**Jatinder Garg**  
Member Director



**Lalit Kishore**  
Member Director



**Anil K. Angrish**  
Public Representative



**Vijay K. Bansal**  
Public Representative



**Susheel Bhakoo**  
Public Representative



**Pawan K. Garg**  
Public Representative



**Prem Kumar**  
Public Representative



**Pooja M. Kohli**  
LSE Representative



**Sarbjeet Kaur**  
LSE Representative



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## Venue

### 11th ANNUAL GENERAL MEETING

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

# Company Details

## BOARD OF DIRECTORS

▶ Mr. Anurag Arora	Chairman
▶ Mr. Vishal Goomber	Vice Chairman
▶ Mr. Manjit Singh Sarna	Member Director
▶ Mr. Lalit Kishore	Member Director
▶ Mr. Jatinder Garg	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
▶ Ms. Sarbjeet Kaur	LSE Representative Director

## LEADERSHIP TEAM

▶ Mr. Rajesh K. Sharma	Chief Executive Officer
▶ Ms. Kajal Rai	AGM cum CS
▶ Mr. Vipen Goyal	HOD - Clearing & Settlement
▶ Mr. Madhur Gupta	HOD - IT
▶ Mr. Vinay Mahajan	HOD - DP
▶ Mr. Ram Ji	HOD - Accounts - I
▶ Mr. Rajinder Pal Singh	HOD - Margin
▶ 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, 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,  
Indusind Bank, Yes Bank

## DP BRANCHES

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

**Chandigarh**  
SCO 50, 1<sup>st</sup> 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](mailto:igc@lsei.com) (for investors) [ceo@lsei.com](mailto:ceo@lsei.com) , [cs@lsei.com](mailto:cs@lsei.com)



# LSE SECURITIES LIMITED

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

## Notice

Notice is hereby given that the Eleventh Annual General Meeting of the members of LSE SECURITIES LIMITED will be held on Saturday, the 25th day of September, 2010 at 12:00 noon at Hotel Park View, Sector 24, Near Indra 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 31<sup>st</sup> March, 2010 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. Vishal Goomber 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. Lalit Kishore 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
6. To appoint a Director in place of Mr. Manjit Singh Sarna 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
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.



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.

By Order of the Board of Directors

For LSE SECURITIES LIMITED

Place: Ludhiana

Sd/-

Date : 20-08-2010

(KAJAL RAI)  
AGM Cum CS

**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, BSE, NSE & 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 with the Company, on or before 20.09.2010 (Monday) upto 5.30 p.m.
5. The Register of Members and the Share Transfer Book of the Company will remain closed from 21.09.2010 (Tuesday) to 24.09.2010 (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.**



# Directors' Report

Dear Shareholders,

Your Directors have great pleasure in submitting the Eleventh Annual Report along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

## 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	31.03.2010	31.03.2009
1.	Profit Before Depreciation, Interest and Tax (PBDIT)	323.41	231.37
2.	Depreciation	(24.25)	(26.55)
3.	Interest	Nil	(1.76)
4.	Profit Before Tax (PBT)	299.16	203.06
5.	Provision for Taxation		
	a. Current	(103.50)	(75)
	b. Deferred	1.79	0.16
	c. Earlier Years	3.37	(0.48)
	d. Fringe Benefit Tax	0	(0.97)
6.	Profit After Tax (PAT)	200.85	126.77
7.	Balance brought forward from previous years	438.32	353.44
8.	Planned Gratuity Assets	0	0
9.	Profit available for appropriation	639.17	480.21
	Appropriations		
	a. i) Interim Dividend	(23.81)	0
	ii) Proposed Dividend on Equity Shares	(23.81)	(35.17)
	iii) Dividend on Preference Shares	(0.63)	(0.63)
10.	b. Corporate Dividend Tax	(8.20)	(6.08)
11.	Surplus carried to Balance Sheet	582.71	438.33
12.	Earning Per Share (EPS)		
	a. Basic	3.32	2.16
	b. Diluted	3.31	2.16

## 2. OPERATING RESULTS

During the year under review the Company has earned Profit before Depreciation, Interest and Tax (PBDIT) of ₹ 323.41 lacs as compared to the corresponding previous year figure of ₹ 231.37 lacs. The Company earned Gross income of ₹ 598.84 lacs in the current year as compared to income of ₹ 494.65 Lacs earned in the corresponding previous year. There is an increase in Gross income earned by 21.06%

### Profitability

Your Company net profits after tax is ₹ 200.85 lacs as compared to ₹ 126.77 Lacs in the previous year. Your Company's accumulated profits available for appropriation are ₹ 639.17 Lacs as compared to ₹ 480.21 Lacs in the corresponding previous year. Similarly, the net worth of the Company as on 31.03.2010 stood at ₹ 1303.72 lacs as compared to ₹ 1089.37 lacs during the corresponding previous year.



**Turnover**

During the year under review, your company has been able to achieve an average daily turnover of ₹ 51.06 crores in "Capital Market" (CM) & ₹ 328.56 crores in "Futures & Options" (F&O) Segments of National Stock Exchange of India Limited and ₹ 33.68 crores in the "Capital Market: (CM) Segment of the Bombay Stock Exchange, Mumbai. Further Depository Income as on 31.03.2010 is ₹ 148.30 Lacs as compared to ₹ 119.22 Lacs corresponding previous year.

**3. DIVIDEND**

Your Directors feel glad to share that an interim dividend @ 4% was paid to the equity share holders of the Company amounting to ₹ 23.81 Lacs during the year. Further the Board of Directors has recommended payment of final dividend @ 4% on Equity shares for the financial year ended 31.03.2010. The total dividend outgo including interim dividend, preference dividend and tax thereon will be ₹ 56.45 lacs as against ₹ 41.88 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 ₹ 12357.36 Crores and ₹ 8151.69 Crores in Capital Market Segment of the National Stock Exchange of India Limited and the Bombay Stock Exchange, Mumbai respectively. As on 31.03.2010, there have been total 160 SEBI Registered Sub-brokers of the Company in NSE and 122 SEBI Registered Sub-brokers in BSE.

**b) F&O Segment of NSE**

During the year under review your company has recorded a turnover of ₹ 79511.51 Crores in the Futures & Options Segment of National Stock Exchange of India Limited.

**c) Currency Segment**

During the year, your Company started facilities of trading in Currency Derivatives also and turnover in Currency Derivatives was ₹ 70.61 Crores 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 31.03.2010 around 2843 new accounts in CDSL.

**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 registration in the Mutual funds with the National Stock Exchange Limited. The Company started Distribution of Mutual Funds also. Further the Currency Derivative work which was implemented last year and is increasing day by day. We have activated membership with MCX-SX also. Your Company has approximately 50 Registered Authorized Persons in Currency Derivatives. 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. Vishal Goomber	Non-Executive Director	Vice-Chairman
Mr. Rajesh K. Sharma	Executive Director	Chief Executive Officer
Mr. Jatinder Garg	Non-Executive Director	Member Director
Mr. Lalit Kishore	Non-Executive Director	Member Director
Mr. Manjit Singh Sarna	Non-Executive Director	Member Director
Dr. Anil K. 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
*Ms. Sarbjeet Kaur	Non-Executive Director	LSE Representative Director

\*Ms. Sarbjeet Kaur was appointed as LSE Representative Director on 18-06-2010.

At present Mr. Anurag Arora, Mr. Jatinder Garg, 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. Manjit Singh Sarna, Mr. Lalit Kishore and Mr. Vishal Goomber 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. Further there shall have a gap of at least one year after a consecutive period of two years before the re-appointment on the Board of Directors.

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

## 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. Susheel Bhakoo, Mr. Rajiv Gupta, Mr. P.C Bansal and Mr. Jatinder Garg 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. Jaspal Singh, Mr. Vineet Suri, Mr. Ajay Batra Mr. Rakesh Gupta, Mr. Harish Jindal, Mr. Sanjeev Bajaj, Mr. Lalit Kishore 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 Arora, as Chairman followed by Mr. Jatinder Garg, Mr. Vishal Goomber, Dr. Prem Kumar, Dr. Anil K Angrish, Mr. Vijay K Bansal and Mr. Pillai as Members of the Committee.



**TRADING BUSINESS DEVELOPMENT COMMITTEE**

The Business Development Committee of your Company comprises Mr. Vishal Goomber as Chairman followed by Mr. Anurag Arora, Mr. Harish Nagpal, Mr. Anil Aggarwal, Mr. Rakesh Uppal, Dr. Sandeep Kharbada, Mr Vipin Singla, Mr. Manjit Singh Sarna, Mr. Mukesh Jain 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. Sanjay Anand, Mr. Satish K Bansal, Mr. R. Jain, Mr. Mahesh Makkar, Mr. Jagmohan Krishan, 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. Manjit Singh Sarna as Chairman followed by Mr. Lalit Kishore and Mr. Anurag Arora as Members of the Committee

**DEPOSITORY BUSINESS COMMITTEE**

The Depository Business Committee of your Company comprises of Mr. Anurag Arora as Chairman, Mr. Vishal Goomber, Mr. Manjit Singh Sarna, Mr. Vikas Batra, Mr. Harish Jain, Dr. Anil K. Angrish, Mr. Pankaj, Mr. Ravi Gupta and Mr. Sanjay Sareen as Members of the Committee.

**NEW ERA COMMITTEE**

The New Era Committee of your Company comprises of Mr. Anurag Arora as Chairman, Mr. Hitesh Bathla, Mr. Utsav Parkash, Mr. Aman Garg, Mr. Pankaj Kumar, Mr. Karan Uppal, Mr. Gaurav Dhingra, Mr. Sameer Maheshwari, Mr. Anirudh Garg, Mr. Archit Arora, Mr. Manjot, Mr. Abhishek Sood and Mr. Varun Bansal 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 31.03.2010, 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: 20.08.2010

(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, 2010, 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 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 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 2010;
    - 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.

**For ANOOP K. GOEL & CO.**  
Chartered Accountants,

Place: Ludhiana.  
Date : August 20, 2010

**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 31-03-2010, 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 31.03.2010 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, 2010, 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 : August 20, 2010

Anoop Kumar (Partner)  
Membership Number : 096966



**LSE SECURITIES LIMITED**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010

Amount In ₹

PARTICULARS	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a) Share Capital	I	64303210	59655460
b) Share Application Money		922500	290000
c) Reserves & Surplus	II	66817967	50060350
		132043677	110005810
<b>2. DEFERRED TAX LIABILITY</b>			
		416000	595000
<b>TOTAL</b>		132459677	110600810
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
a) Gross Block	III	25590576	23719541
b) Less : Depreciation		21427388	19012207
c) Net Block		4163188	4707334
<b>2. INVESTMENTS</b>			
	IV	10000	10000
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Sundry Debtors	V	139098227	111908656
b) Cash & Bank Balances		356574833	314185372
c) Other Current Assets		2633020250	1548176225
d) Loans & Advances		54745213	54909320
<b>TOTAL (A)</b>		3183438523	2029179573
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities & Provisions	VI	3055152034	1923296097
<b>TOTAL (B)</b>		3055152034	1923296097
<b>NET CURRENT ASSETS (A-B)</b>		128286489	105883476
<b>TOTAL</b>		132459677	110600810

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 Arora  
Chairman

Pawan Kumar Garg  
Audit Committee - Chairman

Rajesh Kumar Sharma  
Chief Executive Officer

Ramji  
Head of Accounts Department

PLACE : LUDHIANA  
DATED : 20-08-2010



LSE SECURITIES LIMITED		Amount In ₹	
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31 <sup>ST</sup> MARCH 2010			
PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>			
Turnover Charges (Net)		20556422	17385368
Depository Income		14830560	11922431
Other Income	VII	24496546	20157289
<b>TOTAL (A)</b>		<b>59883528</b>	<b>49465088</b>
<b>EXPENDITURE</b>			
Operating Expenses	VIII	5622828	4935586
Personnel Expenses	IX	10785627	11937892
Administrative Expenses	X	11134318	9631033
Depreciation & Amortisation		2424839	2654509
<b>TOTAL (B)</b>		<b>29967612</b>	<b>29159020</b>
<b>PROFIT BEFORE TAX (A-B)</b>		<b>29915916</b>	<b>20306068</b>
Less Provision		10348000	7500000
- Current Tax		(179000)	(16000)
- Deferred Tax		0	97000
- Fringe Benefit Tax		337592	(48308)
Add - Income Tax Adjustments Earlier Years		20084508	12676760
<b>PROFIT AFTER TAX</b>		<b>43832020</b>	<b>35344655</b>
<b>ADD : BALANCE BROUGHT FORWARD</b>		<b>63916528</b>	<b>48021415</b>
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>			
<b>APPROPRIATIONS</b>			
Interim Dividend on Equity Shares		2381205	0
Proposed Dividend on Equity Shares		2381205	3517596
Dividend on preference shares		63237	63237
Corporate Dividend Tax		820119	608562
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>58270762</b>	<b>43832020</b>
<b>Earning per share</b>			
(Rs. Per Equity Share of Rs. 10 each)			
Basic		3.32	2.16
Diluted		3.31	2.16
No. of Shares used in Computing Earning Per Share (Basic)		5953026	5862662
No. of Shares used in Computing Earning Per Share (Diluted)		5963045	5864716

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 Arora  
 Chairman

Pawan Kumar Garg  
 Audit Committee - Chairman

Rajesh Kumar Sharma  
 Chief Executive Officer

Ramji  
 Head of Accounts Department

PLACE : LUDHIANA  
 DATED : 20-08-2010



**LSE SECURITIES LIMITED**

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2010

Amount In ₹

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	29915916	20306068
Adjustment for Depreciation and Amortization	2424839	2654509
Interest Expenses	10839	176383
Amount Written Off/Written Back	702757	88927
Adjustment for Gratuity Expenditure	0	0
Profit On Sale of Assets	0	0
<b>OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES</b>	<b>33054351</b>	<b>23225887</b>
(Increase) / Decrease in Sundry Debtors	(27882286)	109617155
(Increase) / Decrease in Other Current Assets	(1084765398)	804264176
(Increase) / Decrease in Loans & Advances	(1166372)	23122881
Increase / (Decrease) in Sundry Creditors	17465318	(106593318)
Increase / (Decrease) in Security From Members	1113564407	(876240529)
Increase / (Decrease) in Other Liabilities	(630160)	(3675477)
Taxes Paid (Net)	(8758556)	(7644750)
<b>NET CASH FLOW / (USED IN) OPERATING ACTIVITIES</b>	<b>40881304</b>	<b>(33923975)</b>
<b>Cash Flow From / (Used In) Investing Activities</b>		
Sale of fixed Assets	0	0
Increase in Fixed Assets	(1890734)	(651793)
<b>NET CASH FLOW / (USED IN) INVESTING ACTIVITIES</b>	<b>(1890734)</b>	<b>(651793)</b>
<b>Cash Flow From / (Used In) Financing Activities</b>		
Dividend Paid Including Dividend Tax Rs. 608562 (P.Y. Rs. 593140)	(4189395)	(4083228)
Share Capital [Including Share Premium of Rs. 2318875 (P.Y. Rs. 200250)]	6676625	645250
Share Application Money	922500	290000
Interest Expenses	(10839)	(176383)
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>3398891</b>	<b>(3324361)</b>
<b>Net Cash Inflows/(Outflows)</b>	<b>42389461</b>	<b>(37900129)</b>
Cash & Cash Equivalent at beginning of the period	314185372	352085501
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>356574833</b>	<b>314185372</b>

**NOTES :**

1. 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.
2. 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

(ANOOP KUMAR)  
PARTNER  
MEMBERSHIP NO. 096966

PLACE : LUDHIANA  
DATED : 20-08-2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Anurag Arora  
Chairman

Pawan Kumar Garg  
Audit Committee - Chairman

Rajesh Kumar Sharma  
Chief Executive Officer

Ramji  
Head of Accounts Department



**LSE SECURITIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010

Amount In ₹

PARTICULARS AS AT 31.03.2010 AS AT 31.03.2009

**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**

6351275 Equity Shares of Rs. 10/- each Fully Paid Up ( Previous Year 5886500 Equity Shares of Rs. 10 each )	63512750	58865000
79046, 8% Cumulative Redeemable Preference Shares of Rs 10/-each	790460	790460
<b>TOTAL</b>	<b>64303210</b>	<b>59655460</b>

**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	1090000	3408875
Addition during the year	2318875	
<b>TOTAL</b>	<b>3408875</b>	
Surplus as per annexed Profit & Loss Account	58270762	43832020
<b>TOTAL</b>	<b>66817967</b>	<b>50060350</b>

**SCHEDULE IV-INVESTMENTS**

**TRADE INVESTMENTS**

**LONG TERM:**

Unquoted Equity Shares (Fully Paid)	10000	10000
130000 Equity Shares (Previous Year 130000 Shares) of Bombay Stock Exchange Ltd. of Re. 1/- each		
<b>TOTAL</b>	<b>10000</b>	<b>10000</b>



**LSE SECURITIES LIMITED**  
**SCHEDULE - III FIXED ASSETS**

Amount in ₹

PARTICULARS	AS AT 01-04-09	ADDITIONS	SALE/ ADJUSTMENT	AS AT 31-03-2010	DEPRECIATION			NET BLOCK							
					AS AT 01-04-09	FOR THE PERIOD	REVERSED DURING THE PERIOD	AS AT 31-03-2010	AS AT 31-3-2010	AS AT 31-03-09					
<b>A) TANGIBLE ASSETS</b>															
AIR CONDITIONER	224215	0	0	224215	77084	20466	0	97550	126665	147131					
COMPUTERS	16376069	1449180	0	17825249	14165390	1141262	0	15306652	2518597	2210679					
COOLERS	6330	0	0	6330	3278	425	0	3703	2627	3052					
CYCLE	5865	0	0	5865	5865	0	0	5865	0	0					
ELECTRONIC EQUIPMENTS	180108	0	0	180108	68194	15567	0	83761	96347	111914					
FANS & ELECTRICAL FITTINGS	46344	3347	0	49691	34938	4934	0	39872	9819	11406					
FIRE FIGHTING EQUIPMENT	49805	0	0	49805	23275	3690	0	26965	22840	26530					
FURNITURE & FIXTURES	1412023	40765	0	1452789	811702	137471	0	949173	503616	600321					
GENERATOR	77497	0	0	77497	41125	5059	0	46184	31313	36372					
GLOW SIGN BOARD	59454	0	0	59454	35306	3359	0	38665	20789	24148					
OFFICE EQUIPMENT	27983	0	0	27983	15996	1667	0	17663	10320	11987					
REFRIGERATOR	7180	0	0	7180	3729	480	0	4209	2971	3451					
TELEPHONE & TELEX	242355	20420	19700	243075	133886	22869	9658	147097	95978	108469					
VSAT SKYEDGE	78000	0	0	78000	28232	6923	0	35155	42845	49768					
<b>TOTAL - A</b>	<b>18793228</b>	<b>1513712</b>	<b>19700</b>	<b>20287241</b>	<b>15448000</b>	<b>1364172</b>	<b>9658</b>	<b>16802514</b>	<b>3484727</b>	<b>3345228</b>					
<b>B) INTANGIBLE ASSETS</b>															
COMPUTER SOFTWARE & LICENCE	4926313	377022	0	5303335	3564207	1060667	0	4624874	678461	1362106					
<b>TOTAL - B</b>	<b>4926313</b>	<b>377022</b>	<b>-</b>	<b>5303335</b>	<b>3564207</b>	<b>1060667</b>	<b>-</b>	<b>4624874</b>	<b>678461</b>	<b>1362106</b>					
<b>TOTAL CURRENT YEAR</b>	<b>23719541</b>	<b>1890734</b>	<b>19700</b>	<b>25590576</b>	<b>19012207</b>	<b>2424839</b>	<b>9658</b>	<b>21427388</b>	<b>4163188</b>	<b>4707334</b>					
<b>TOTAL PREVIOUS YEAR</b>	<b>23067748</b>	<b>651793</b>	<b>-</b>	<b>23719541</b>	<b>16357699</b>	<b>2654508</b>	<b>-</b>	<b>19012207</b>	<b>4707334</b>						



**LSE SECURITIES LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010

Amount In ₹

PARTICULARS

AS AT 31.03.2010

AS AT 31.03.2009

**SCHEDULE V - CURRENT ASSETS LOANS & ADVANCES**

**(A) SUNDRY DEBTORS**

**(I) SECURED :**

Sundry Debtors NSE	1176056	1085900
Sundry Debtors BSE	592828	355990
Sundry Debtors Broking Clients/Other	131013146	105721477
	<b>132782030</b>	<b>107163367</b>

Out of which

More than six months	8354778	23029498
Others	124427252	84133869

<b>Total I</b>	<b>132782030</b>	<b>107163367</b>
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**(II) Unsecured, Considered good unless otherwise stated**

Sundry Debtors-DP	6316197	4745289
Out of which		
More than Six months	6083950	4558951
Others	232247	186338

<b>Total II</b>	<b>6316197</b>	<b>4745289</b>
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<b>TOTAL (A) ( I + II )</b>	<b>139098227</b>	<b>111908656</b>
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**(B) CASH & BANK BALANCES**

Cash In Hand	53295	39609
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(b) Bank Balances with Scheduled Banks

(i) In Current Accounts	105528397	159330841
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(ii) In Fixed Deposits	250993141	154814922
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<b>TOTAL (B)</b>	<b>356574833</b>	<b>314185372</b>
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**(C) OTHER CURRENT ASSETS**

1. Members' FDRs kept as Security	524687386	470728006
2. Members' Scrips kept as Security	210879760	74853764
3. Scrips held on behalf of Clients	1885155962	994996632
4. Stock of stationery	58743	85709
5. Interest Accrued on FDRs	12238399	7512114

<b>TOTAL (C)</b>	<b>2633020250</b>	<b>1548176225</b>
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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 (Out of this Rs. 146712 (P.Y. Figure Rs. 204968) are recoverable from Ludhiana Stock Exchange Limited)	2215130	2684804
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2. Security Deposits	49658050	48557344
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3. Prepaid Expenses	844496	387783
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4. Advance Income Tax (Net of Provisions)	2015366	3264009
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5. Advance Fringe Benefit Tax (Net of Provisions)	12171	15380
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<b>TOTAL (D)</b>	<b>54745213</b>	<b>54909320</b>
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<b>GRAND TOTAL</b>	<b>3183438523</b>	<b>2029179573</b>
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**LSE SECURITIES LIMITED**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010

Amount In ₹

AS AT 31.03.2010 AS AT 31.03.2009

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

Sundry Creditors NSE	3324192	1572148
Sundry Creditors BSE	11626	11952
Sundry Creditors Broking Clients	260313285	244781736
DP Charges Received in Advance	1538321	1356270
	<b>265187424</b>	<b>247722106</b>

**SECURITY FROM MEMBERS**

(Kept with the principal stock exchanges as margins)

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

In form of FDRs	86512441	80450027
In form of Funds	19415799	5029300
	<b>105928240</b>	<b>85479327</b>

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

In form of FDRs	436474945	390277979
In form of Funds	117931989	79904887
In form of Scrips	210879760	74853764
	<b>765286694</b>	<b>545036630</b>

**(C) Security Deposit from Members**

Kept with BSE for Capital Market	7701300	13500000
Kept with NSE for Capital Market	7434800	21600000
Kept with NSE for F&O	7375000	5875000
Kept with NSE for FC	1170000	0
Scrips held on behalf of Clients	1885155962	994996632
	<b>1908837062</b>	<b>1035971632</b>

**TOTAL SECURITIES FROM MEMBERS (A+B+C)****2780051996 1666487589****OTHER LIABILITIES**

Expenses Payable	1140983	1481006
TDS Payable	512805	452030
Stamp Duty Payable	306117	401388
Service Tax Payable	0	17100
Other Liabilities	2306943	2545483
<b>TOTAL</b>	<b>4266848</b>	<b>4897007</b>

**PROVISIONS**

Dividend on Equity Shares (Interim)	2381205	0
Proposed Dividend on Equity Shares	2381205	3517596
Dividend on Preference shares	63237	63237
Corporate Dividend Tax thereon	820119	608562
	<b>5645766</b>	<b>4189395</b>

**TOTAL OF CURRENT LIABILITIES & PROVISIONS****3055152034 1923296097**



**LSE SECURITIES LIMITED**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2010

Amount In ₹

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>SCHEDULE VII - OTHER INCOME</b>		
<b>INTEREST ON FDR'S (A)</b>	21673871	17274477
Gross of TDS Rs. 2698567.82 (Previous Year Rs. 3539367)		
<b>Relating to Trading on BSE (B)</b>		
Annual Subscription Fee	83063	82000
Bolt Terminal Charges	190500	242100
	273563	324100
<b>Relating to Trading on NSE (C)</b>		
Additional Licence Fee for Neat XS	221000	258800
	221000	258800
<b>Miscellaneous Receipts (D)</b>	1694829	1858209
<b>DIVIDEND RECEIVED (E)</b>	633283	441703
<b>GRAND TOTAL (A+B+C+D+E)</b>	24496546	20157289
<b>SCHEDULE VIII- OPERATING EXPENSES</b>		
<b>STOCK EXCHANGE EXPENSES (A)</b>		
i) <b>Bombay Stock Exchange Limited., Mumbai</b>		
BOI Shareholding Ltd. Charges	46750	45640
Annual Subscription	7000	10000
Contribution to IPF / TGF	16350	11052
Lease Line Charges MTNL	262303	198097
VSAT Support Charges	480000	480000
Miscellaneous Expenses	61594	79352
<b>TOTAL</b>	873997	824141
ii) <b>National Stock Exchange of India Limited., Mumbai</b>		
Annual Subscription	100000	100000
Contribution to CPF / IPF	1044	464
V-SAT Support Charges	400000	328165
Miscellaneous Expenses	304843	176308
<b>TOTAL</b>	805887	604937
<b>DEPOSITORY EXPENSES (B)</b>		
Depository Participant Expenses.-NSDL	1813912	1595052
Depository Participant Expenses.-CDSL	1183654	949998
<b>TOTAL</b>	2997566	2545050
<b>OTHERS (C)</b>		
SEBI Fee	50000	50000
Flex Term Charges	0	333370
Financial Charges	595028	215738
Commission paid on Depository Services	27350	23350
Cost of Additional Licences of Neat - XS	273000	339000
<b>TOTAL</b>	945378	961458
<b>GROSS TOTAL (A+B+C)</b>	5622828	4935586



**LSE SECURITIES LIMITED**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2010

Amount In ₹

PARTICULARS CURRENT YEAR PREVIOUS YEAR

**SCHEDULE IX - PERSONNEL EXPENSES**

Basic Salary	3336320	3280439
Dearness Allowance	2867532	2821170
House Rent Allowance	920844	922083
Conveyance Allowance	822061	937090
Bonus	683372	791976
Leave Travel Concession	31731	484609
Leave Encashment	117949	226341
Contribution to PF/EPF/ESI	1046647	1077901
Medical Reimbursement	229063	223006
Gratuity Expenditure	76818	377299
Contribution to Staff Welfare Fund	43350	41825
Staff Welfare	579778	700448
Staff Recruitment Exps.	10102	17205
Training Expenses	20060	36500
<b>TOTAL</b>	<b>10785627</b>	<b>11937892</b>

**SCHEDULE X- ADMINISTRATIVE EXPENSES :**

Legal & Professional Charges	438259	579425
Lease Line / Vsat Charges	114238	122471
Travelling & Conveyance - Directors	14300	26000
Travelling & Conveyance - Others	101800	194857
Printing & Stationery	478414	527429
Auditors' Remuneration		
- Statutory Audit Fee	50000	50000
- Out of Pocket Expenses	5857	7651
Internal Auditors' Remuneration- Audit Fees	232000	212000
Internal Auditors' (Out of Pocket) Expenses	32426	49920
System Audit	15001	1865
Postage & Courier Charges	566169	753133
Computer Hardware & Software Maintenance	2879563	2309351
Board Meeting Expenses	18077	16447
Committee Meeting Fees	23000	38000
Telephone, Telex & Fax Charges	870185	593035
Insurance paid	98354	112086
Sitting Fees to Public Representatives	75000	125000
Office Maintenance Expenses	267266	442345
Filing Fees	7100	355200
General Expenses	168156	99646
Festival expenses	226119	216308
Cable TV Expenses	203030	185040
Electric Charges	87602	122462
Advertisement Expenses	12567	44171
General Repair & Maintenance	88362	103663
Computer Media Charges	85640	98203
Rent Paid	3273076	2156398
Loss on Assets Written Off	10042	0
Bad Debts written off	692715	88927
<b>TOTAL</b>	<b>11134318</b>	<b>9631033</b>



**LSE SECURITIES LIMITED**

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010  
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**

Long term investment is carried out with provision, of only for diminution in value of investment which is not temporary.

- **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.

- **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 & 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. 13,50,60,559 (Rs. Thirteen Crore Fifty Lacs Sixty Thousand Five Hundred Fifty Nine only) and with Bombay Stock Exchange of India amounting to Rs 3,42,99,000 (Rs. Three Crore Fourty Two Lacs Ninty Nine Thousand Only) for Base Minimum/Additional Capital and are shown under the head Fixed Deposit with scheduled banks.
- FDR's of Rs. 6,16,33,581.90 have been pledged with HDFC Bank to secured overdraft facilities to the tune of Rs. 5.85 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
- Gurbhagwant Singh - General Manager\*

(a) **Related party transaction**

	Holding Company	Key Managerial Personnel	Total
Rent	2919204	--	2919204
Dividend	2478638	--	2478638
Managerial Remuneration	----	719538	719538
<b>Total</b>	<b>5397842</b>	<b>719538</b>	<b>6117380</b>

\* from 01-04-2009 to 30-05-2009

● **Capital Commitment**

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

- Figures of the previous year have been regrouped/rearranged/reclassified to make them comparable with the current year's figures, wherever considered necessary.
- Figures have been rounded off to the nearest rupee value.
- 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. 816766 (Previous Year Rs. 826688)

ii) **Defined Benefit Obligation:**

(a) Liability recognized in the balance sheet	Defined benefit plans Gratuity (Funded) as at 31.3.2010	Defined benefit plans Gratuity (Funded) as at 31.3.2009
Present value of obligation, beginning of the year	1482236	1118492
Interest Cost	115185	81903
Current Service Cost	217555	156820
Benefits Paid	(74818)	(126713)
Actuarial loss on obligations	(110700)	251734
<b>Present value of obligation, at the end of the year (A)</b>	<b>1629458</b>	<b>1482236</b>
Fair value of plan assets, beginning of the year	1560883	961658
Expected return on plan assets	145222	113158
Contributors	67266	612780
Benefits paid	74818	(126713)
Actuarial gain / (loss) on plan assets	0	NIL
<b>Fair value of plan asset at the end of the year (B)</b>	<b>1698553</b>	<b>1560883</b>
<b>Amount recognized in balance sheet (A-B)</b>	<b>(69095)</b>	<b>(78647)</b>
<b>(b) Expenses during the year</b>		
Current service cost	217555	156820
Interest Cost	115185	81903
Expected return on plan assets	(145222)	(113458)
Net actuarial (gain) / loss recognized in the year	(110700)	251734
<b>Expenses recognized in statement of profit and loss</b>	<b>76818</b>	<b>377299</b>
<b>(c) Principal Actuarial Assumptions</b>	<b>As on 31.03.2010</b>	<b>As on 31.03.2009</b>
Discount Rate	8%	8%
Salary Escalation	7%	7%

• **Deffered Tax Liability**

Tax Effect of The Timing Differences on Account of :	As on 31.03.2010	As on 31.03.2009
Difference Between Book and Tax Depreciation	392000	675000
Disallowance Under Section 40A(7) of The Income Tax Act 1961	24000	(80000)
<b>Deffered Tax Liability</b>	<b><u>416000</u></b>	<b><u>595000</u></b>

• **Contingent Liability**

The Company has issued a Bank Guarantee to the extent of Rs. 4 Cr. in favour of Bombay Stock Exchange Limited against which fdr's amounting to Rs. 2 Cr., as 50% 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 0

**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 3 2 4 6 0

Total Assets

1 3 2 4 6 0

Sources of Funds

Paid up Capital

6 4 3 0 3

Share Application Money

9 2 2

Secured Loans

N I L

Application of Funds

Net Fixed Assets

4 1 6 3

Net Current Assets

1 2 8 2 8 6

Reserves & Surplus

6 6 8 1 8

Deferred Tax Liability

4 1 6

Unsecured Loans

N I L

Investments

1 0

Misc. Expenditure

N I L

**4. Performance of Company (Amount in Thousands)**

Gross Receipts

5 9 8 8 4

Profit Before Tax

2 9 9 1 6

Earning Per Share

3 . 3 2

Total Expenditure

2 9 9 6 8

Profit After Tax

2 0 0 8 5

Dividend Rate %

%

**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 : 20-08-2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Anurag Arora  
Chairman

Rajesh Kumar Sharma  
Chief Executive Officer

Pawan Kumar Garg  
Audit Committee - Chairman

Ramji  
Head of Accounts Department



# LSE SECURITIES LIMITED

Registered Office : SCO 50, 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 11th Annual General Meeting of the Company, to be held on Saturday, 25th September, 2010 at 12:00 noon at Hotel Park View, Sector 24, Near Indira Holiday Home, Chandigarh and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

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, 1<sup>ST</sup> 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



**Kajal Rai**  
AGM cum CS



**Vipen Goyal**  
HOD - Clearing & Sett.



**Madhur Gupta**  
HOD - IT



**Vinay Mahajan**  
HOD - DP



**Ram Ji**  
HOD - Accounts-I



**Rajinderpal Singh**  
HOD - Margins



**Ravinder S. Saini**  
HOD - Accounts-II



**Pawan Bhardwaj**  
HOD - Membership



**Paramjeet Kahlon**  
HOD - Surveillance & HR



**Sonia Makkar**  
HOD - KYC



# LEADERSHIP

# Team



**Kajal Rai**  
AGM cum CS



**Vipen Goyal**  
HOD - Clearing & Sett.



**Madhur Gupta**  
HOD - IT



**Vinay Mahajan**  
HOD - DP



**Ram Ji**  
HOD - Accounts-I



**Rajinderpal Singh**  
HOD - Margins



**Ravinder S. Saini**  
HOD - Accounts-II



**Pawan Bhardwaj**  
HOD - Membership



**Paramjeet Kahlon**  
HOD - Surveillance & HR



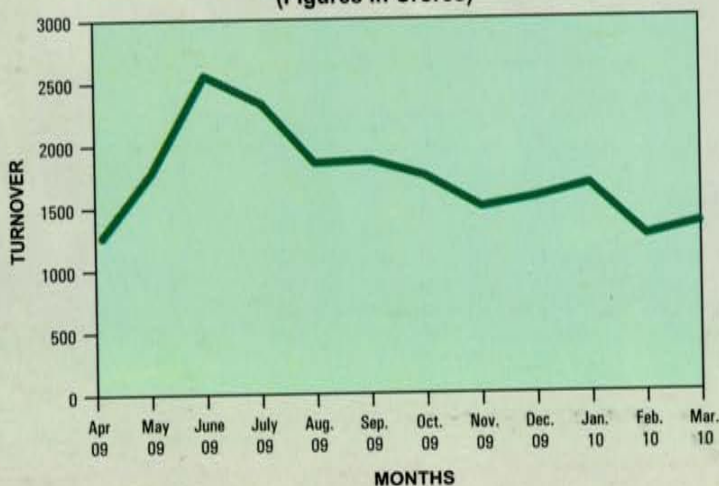
**Sonia Makkar**  
HOD - KYC



# Gross Turnover Comparison Graphs

## LSE SECURITIES LIMITED

### TURNOVER IN CASH MARKET (Figures in Crores)



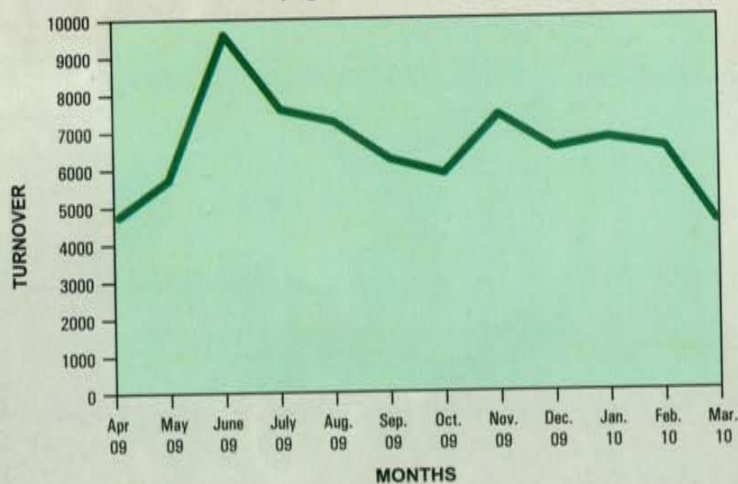
## NATIONAL STOCK EXCHANGE OF INDIA LIMITED

### TURNOVER IN CASH MARKET (Figures in Crores)



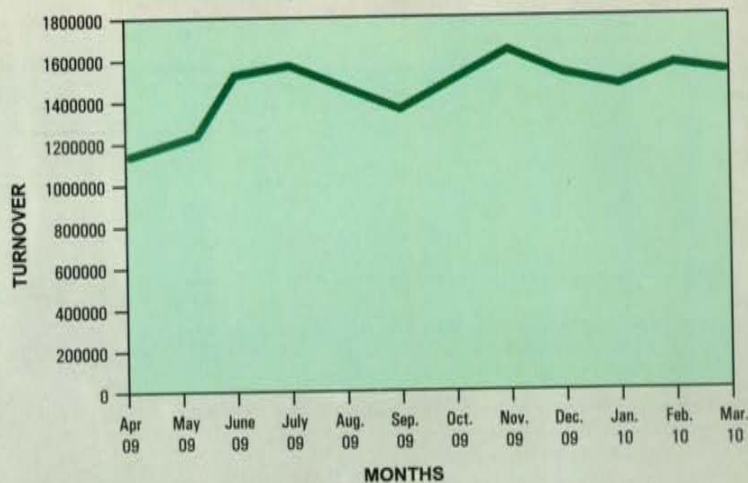
## LSE SECURITIES LIMITED

### TURNOVER IN DERIVATIVE SEGMENT (Figures in Crores)



## NATIONAL STOCK EXCHANGE OF INDIA LIMITED

### TURNOVER IN DERIVATIVE SEGMENT (Figures in Crores)



## LSE Securities Limited

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

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