

UPSE SECURITIES LIMITED

REGD.OFFICE : "PADAM TOWERS",14/113, CIVIL LINES ,KANPUR -208001

BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	SCHEDULE		AS AT 31.03.2010 AMOUNT (₹)	AS AT 31.03.2009 AMOUNT (₹)
SOURCES OF FUNDS				
SHARE HOLDER'S FUNDS				
SHARE CAPITAL	A		25,800,000.00	19,500,000.00
RESERVES & SURPLUS	B		20,975,847.03	7,057,561.11
DEFERRED TAX (LIABILITIES) NET			126,462.00	-
TOTAL			46,902,309.03	26,557,561.11
APPLICATION OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	C	5,257,905.85		4,100,333.85
ADDITION:- DURING THE YEAR		72,300.00		1,157,572.00
		5,330,205.85		5,257,905.85
LESS: DEPRECIATION		4,656,704.00		4,245,132.00
NET BLOCK			673,501.85	1,012,773.85
INVESTMENTS LONG TERM (AT COST)				
BSE - MEMBERSHIP		7,254,000.00		7,254,000.00
UNQUOTED				
130000 (PREVIOUS YEAR 130000) EQUITY		10,000.00		10,000.00
SHARES OF BSE LTD. OF Re.1/- FULLY PAID UP				
250 EQUITY SHARE OF CSE OF Re.1/- FULLY		250.00		250.00
PAID UP			7,264,250.00	7,264,250.00
CURRENT ASSETS, LOANS & ADVANCES				
SUNDRY DEBTORS	D	9,576,436.29		10,946,151.63
CASH & BANK BALANCES	E	34,305,157.52		44,982,662.89
FIXED DEPOSITS WITH BANKS	F	66,248,847.67		71,362,698.47
LOANS & ADVANCES	G	32,219,737.54		4,165,402.43
		142,350,179.02		131,456,915.42
LESS:- CURRENT LIABILITIES & PROVISIONS	H	-103,385,621.84		-113,344,079.16
NET CURRENT ASSETS			38,964,557.18	18,112,836.26
DEFERRED TAX (ASSETS) NET			0.00	167,701.00
TOTAL			46,902,309.03	26,557,561.11

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES L

Schedules A to L referred to above form an integral part of the Balance Sheet and Profit & Loss Account

As per our Audit Report of even date attached
For JSB ASSOCIATES
CHARTERED ACCOUNTANTS

(JASBIR SINGH BHATIA)
PARTNER

PLACE: KANPUR
DATE: 18.08.2010

CERTIFIED TRUE COPY
For UPSE Securities Ltd.

Chief Executive Officer (OFFICE)

For and on behalf of the Board

ASHOK SHARMA

B K NADHANI

ARVIND KUMAR MITTAL

ANANT KUMAR MISRA

ATUL KUMAR AGARWAL

ALOK TULSYAN

SARWESH DUBEY

DEEPAK KAPOOR

VINOD PANDEY

} DIRECTORS



UPSE SECURITIES LIMITED			
REGD.OFFICE : "PADAM TOWERS",14/113, CIVIL LINES ,KANPUR -208001			
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010			
PARTICULARS	SCHEDULE	CURRENT YEAR AMOUNT (₹)	PREVIOUS YEAR AMOUNT (₹)
INCOME			
BROKERAGE EARNED 36,280,011.70			21,522,560.56
LESS :- BROKERAGE PAID (-) 32,248,267.31		4,031,744.39	18,773,872.19
			2,748,688.37
DIVIDEND RECEIVED FROM BSE & CSE		521,750.00	300,000.00
INTEREST RECEIVED ON BANK DEPOSITS 6,619,379.13 (TAX DEDUCTED AT SOURCE ₹ 8,69,554.85 previous year ₹ 10,80,814.97)			5,865,716.12
LESS :- INTEREST PAID (-) 3,992,733.54		2,626,645.59	4,136,343.60
			1,729,372.52
MISCELLANEOUS INCOME		358,139.90	556,431.12
TOTAL (A)		7,538,279.88	5,334,492.01
EXPENDITURE			
PAYMENTS TO & PROVISIONS FOR EMPLOYEES	I	3,113,819.32	2,514,316.34
OPERATIONAL EXPENSES	J	497,610.53	560,313.77
ADMINISTRATIVE & OTHER EXPENSES	K	1,965,969.11	1,475,165.56
DEPRECIATION	C	411,572.00	665,270.00
TOTAL (B)		5,988,970.96	5,215,065.67
Profit from operations before tax for the year (A-B)		1,549,308.92	119,426.34
Add:- Sundry Creditors Balance Written Back		0.00	1,449,852.61
Less:- Cessation of Trading Right of CSE		0.00	1,250,750.00
		1,549,308.92	318,528.95
LESS PROVISION FOR TAX :-			
CURRENT YEAR		339,065.00	57,840.00
DEFERRED TAX		-21,547.00	-35,527.00
FRINGE BENEFIT TAX		0.00	10,686.00
PROFIT / (-) LOSS AFTER TAX		1,231,790.92	285,529.95
Less :-Adjustment relating to previous year - Deferred Tax		315,710.00	-
Less :-Adjustment relating to previous year - FBT		5,795.00	-
Add : Transfer from Settlement Stablization Fund		122,038.81	10,910.35
Add : Transfer from Infrastructure Development Fund		61,526.39	5,455.40
PROFIT AFTER APPROPRIATION		1,093,851.12	269,164.20
ADD :-PROFIT OF PREVIOUS YEAR		3,961,395.91	3,692,231.71
PROFIT CARRIED TO BALANCE SHEET		5,055,247.03	3,961,395.91

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES L

Schedules A to L referred to above form an integral part of the Balance Sheet and Profit & Loss Account

As per our Audit Report of even date attached
For JSB ASSOCIATES,
CHARTERED ACCOUNTANTS

(JASBIR SINGH BHATIA)
PARTNER

PLACE: KANPUR
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Chief Executive Officer (OFFICE)

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VINOD PANDEY

) DIRECTORS



**SCHEDULE C
FIXED ASSETS**

S. NO.	PARTICULARS	RATE OF DEPRECIATION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
			AS AT 31.03.2009 ₹	ADDITIONS DURING THE YEAR ₹	SALES/ADJ. DURING THE YEAR ₹	TOTAL AS AT 31.03.2010 ₹	UPTO 31.03.2009 ₹	FOR THE YEAR ₹	ADJUSTMENT ₹	TOTAL UPTO 31.03.2010 ₹	AS AT 31.03.2010 ₹	AS AT 31.03.2009 ₹
1	COMPUTERS & PERIPHERALS	40%	5,255,205.85	72,300.00	-	5,327,505.85	4,243,117.00	411,448.00	-	4,654,565.00	672,940.85	1,012,088.85
2	FURNITURE & FIXTURE	18.10%	2,700.00	-	-	2,700.00	2,015.00	124.00	-	2,139.00	541.00	685.00
	TOTAL		5,257,905.85	72,300.00	-	5,330,205.85	4,245,132.00	411,572.00	-	4,656,704.00	673,501.85	1,012,773.85
	PREVIOUS YEAR FIGURE		4,100,333.85	1,157,572.00	-	5,257,905.85	3,579,862.00	665,270.00	-	4,245,132.00	1,012,773.85	520,471.85

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CERTIFIED TRUE COPY

For UPSE Securities Ltd.

Chief Executive Officer (OFFTG.)

For JSB ASSOCIATES
CHARTERED ACCOUNTANTS

(JASBIR SINGH BHATIA)
PARTNER
PLACE : KANPUR
DATE : 18.08.2010



UPSE SECURITIES LIMITED

Regd. Office: 'Padam Towers', 14/113, Civil Lines,
Kanpur - 208 001

NOTES FORMING PART OF THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES:

SCHEDULE L

Significant Accounting Policies and Notes on Accounts

A. Significant Accounting Policies

a) Fundamental Accounting Assumption:

- i) The Company follows accounting assumption of a going concern.
- ii) The company is a wholly owned subsidiary of U.P. Stock Exchange Limited and is functioning as a clearing member of Bombay Stock Exchange Limited and no proprietary trading is done on its own behalf. Only the trading members of U.P. Stock Exchange Limited who are registered as Sub-brokers with the company are allowed to do business through the company. Although the purchases and sales are made in the name of the company, only brokerage income is reflected in the financial results, to reflect the actual state of affairs.

b) Method of Accounting:

The financial statements are prepared according to the historical cost convention and on an accrual basis in accordance with the requirements of the Companies Act, 1956.

c) Revenue recognition:

- i) Income from brokerage activities is recognised as income on the settlement date of transaction.
- ii) Other incomes are accounted on accrual basis.

d) Fixed Assets and depreciation:

- i) Fixed assets are stated at cost of acquisition /construction less accumulated depreciation. All cost relating to acquisition and installation of fixed assets are capitalized and included in the cost of respective fixed assets. Software purchased during the year has been capitalized.
- ii) Depreciation on all fixed assets is provided on the written down value method at the rates and the manner prescribed in schedule XIV of the Companies Act, 1956.

e) Investments :

Current investments are carried at lower of cost or market value. Long term investments are stated at cost. Provision for diminution in the value of long term investment (if required) is made only if such decline in the opinion of the management.



is other than temporary.

f) Sundry Debtors & Creditors:

Amounts receivable from & payable to Sub-Brokers, Clients and Bombay Stock Exchange Ltd., Mumbai for broking transactions are recognized on completed settlement basis and disclosed as Sundry Debtors & Creditors.

g) Accounting for Taxes on Income :

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per Income Tax Act, 1961.

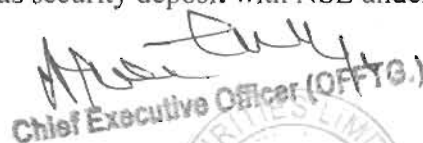
Deferred tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rate/and laws that have been enacted or substantively enacted as on the balance sheet date. Permanent timing difference adjustments are not accounted for in provisions.

B. Contingent Liabilities :

1. Estimated amounts of contracts remaining to be executed on Capital account and not provided for Rs. Nil. (Previous year Nil)
2. Claims against the company not acknowledged as debt - Nil (Previous year Nil)

C. Notes on Accounts :

1. FDR (s) Rs.649.11 Lakhs (Previous Year Rs.704.81 Lakhs) include FDR (s) amounting to Rs.562.92 Lakhs (Previous Year Rs.626.68 Lakhs) pledged with Bombay Stock Exchange Ltd., Mumbai for obtaining trading limits.
2. Securities received from Sub-brokers in demat form of Rs.215.49 lakhs (Previous Year Rs. 91.95 lakhs) valued at the year end have been pledged with Bombay Stock Exchange Ltd., Mumbai towards Additional Capital. For disclosure purposes these are shown under the head Loans and Advances.
3. Securities of Rs.287.92 lakhs (Previous Year Rs.64.78 lakhs) valued at the year end received in advance towards from Clients towards pay-in of settlement No.242 of 2009-10 and 1, 2 of 2010-11 are lying in the CM Pool Account of the Company, pending settlement as per norms.
4. Other liabilities include Rs.23,50,000.00 received as refundable security deposit for NSE from sub-brokers and Rs.32,46,122.00 payable to sub-brokers towards interest payable to them.
5. There was a demand of Rs.98,478.00 from Income Tax Department for the Financial Year 2002-03, which was paid on 05.06.2006 and shown under the head Loans and Advances. The Company's appeal against the aforesaid demand is pending before the C.I.T. (Appeals).
6. The Membership fee paid to NSE for acquiring trading rights has been shown as security deposit with NSE under the head Loans & Advances.


Chief Executive Officer (OFFTG.)



7. In the opinion of Board of Directors the current assets, loans and advances are stated at values which on realization are at least equal to the amount at which these are stated, in the ordinary course of business.
8. None of the employees are covered by the provisions contained in Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.
9. No amount is due to micro and small scale industrial undertakings
10. Information pursuant to paragraph 4C and 4D of part II of Schedule VI of the Companies Act, 1956 is not furnished as the same is not applicable to the company. (Previous year NIL)
11. Other benefits to employees :

AS-15 (Revised) regarding "Employees Benefits" has been followed by the Company and is accounted as under :-

- i) The Company's Contribution towards Provident Fund is transferred to the recognized fund of the Holding Company named as UPSE Employees Provident Fund Trust.
- ii) Provision for unavailed leaves is made at the end of the year on accrual basis as valued by the Management.
- iii) The Employees of the Company have been covered under the Group Gratuity Scheme Plan of Life Insurance Corporation of India (LIC) taken by U.P. Stock Exchange Limited and necessary disclosures are contained in its Annual Report. In compliance with the Accounting Standard, as per figures provided by the Exchange, the Company has provided for gratuity liability, of Rs.15,368.08 for its two employees and of Rs.69,477.40 in proportionate to salary paid to other employees (i.e. employees on deputation from U.P. Stock Exchange Limited) for the year 2009-10. Accordingly, the Company has to pay a total sum of Rs.84,845.48 (Rs.15,368.08 + Rs.69,477.40) to the Exchange.

LIC of India has informed the position of accrued liability as at 31.03.2010 in respect of 02 employees of the Company, as follows :-

S.No.	Name of Employee	Date of Appointment	Period	Liability (in. Rs.)
1.	Shri Ved Prakash Mishra	16.08.2000	9 Yrs. 7 Months (10 Yrs.)	1,20,722.00
2.	Shri Dharmendra Nath Pandey	28.04.2000	9 Yrs. 11 Months (10 Yrs.)	38,164.00
		Total		1,58,886.00

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For UPSE Securities Ltd.

[Signature]
Chief Executive Officer (OFFIC.)



For two employees, the company had already accounted for gratuity liability of Rs.1,21,635.00 in the year 2008-09 and Rs.15,368.08 have been provided for as per the figures provided by the Exchange, as aforesaid. The remaining accrued liability as per LIC of Rs.21,882.92 (Rs.1,58,886.00 – Rs.1,21,635.00 – Rs.15,368.08) has further been provided for by the Company.

12. **AS-18 “RELATED PARTIES DISCLOSURES”:**

As per the Accounting Standard-18, “Related Party Disclosures” the related parties of the Company are as follows :-

(a) **Entities under Common Control :**

<u>Name (Relationship)</u>	<u>Nature of Transaction</u>	<u>Amount (Rs.)</u> <u>2009-10</u>	<u>Amount (Rs.)</u> <u>2008-09</u>
U.P.Stock Exchange Limited (Holding Company)	Payment of rent and reimbursement of expenses.	6,81,761/-	15,59,011/-

(b) **Key Management Personnel :**

<u>Name (Designation)</u>	<u>Nature of Transaction</u>	<u>Amount (Rs.)</u> <u>2009-10</u>	<u>Amount (Rs.)</u> <u>2008-09</u>
Shri Ved Prakash Mishra (Chief Executive Officer)	Remuneration	3,56,592/-	2,92,103/-

13. **AS-20 “EARNING PER SHARE**

	2009-10 (Rs)	2008-09 (Rs.)
(i) Net profit after tax available for Equity Share holders (Numerator used for calculation)	12,31,790	2,85,529
(ii) Weighted average of number of equity shares as denominator for calculating EPS	24,22,500**	18,40,777*
(iii) Basic earning per share (Face value of Rs.10 each)	0.51	0.16

* Weightage of new 145630 shares issued taken for 3 months for this purpose.

** Weightage of new 630000 shares issued taken for 3 months for this purpose.

14. In accordance with the Accounting Standard (AS)22 issued by Institute of Chartered Accountants of India, Deferred tax provision has been made in the books of accounts as detailed below :

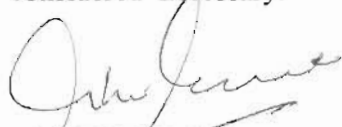
Deferred Tax represents the following

<u>PARTICULARS</u>	<u>Assets (Rs.)</u>	<u>Liabilities(Rs.)</u>	<u>Assets(Rs.)</u>	<u>Liabilities(Rs.)</u>
	<u>2009-10</u>		<u>2008-09</u>	
a) Timing Difference on Depreciation	-	1,26,462.00	2,32,014.00	-
b) Timing Difference on Losses	-	-	-	-
c) Disallowance under the Income tax	-	-	-	64,313.00
Total	-	1,26,462.00	2,32,014.00	64,313.00
Deferred Tax (Net)	-	1,26,462.00	1,67,701.00	

15. During the period Company has allotted 6,30,000 Equity Shares of Rs.10/- each at a premium of Rs.20/- per Share to U.P. Stock Exchange Limited.

For UPSE Securities Ltd.
Chief Executive Officer (OFFICE)
UPSE SECURITIES LIMITED
KANPUR

16. Figures of previous year have been regrouped or rearranged wherever considered necessary.



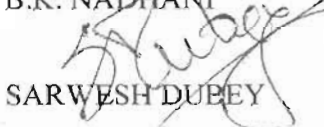
ASHOK SHARMA, Chairman }



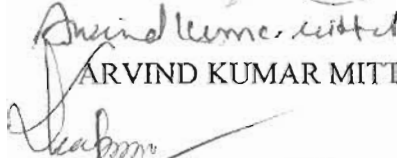
ALOK TULSYAN, CEO (Officiating) }



B.K. NADHANI }



SARWESH DUBEY }



ARVIND KUMAR MITTAL }

Directors

DEEPAK KAPOOR)



ANANT KUMAR MISRA }



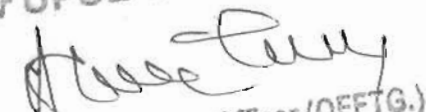
VINOD PANDEY }



ATUL KUMAR AGARWAL }



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For UPSE Securities Ltd.


Chief Executive Officer (OFFTG.)

UPSE SECURITIES LTD

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. U67120UP2000PLC025330 State Code 2 0

Balance Sheet 3 1 0 3 2 0 1 0

II. Capital raised during the year (Amount ₹ in Thousand)

Public Issue Placement	Right Issue	Bonus Issue	Private
NIL	NIL	NIL	6300

III. Position of Mobilisation and deployment of Funds (Amount ₹ in Thousand)

Total liabilities	Total Assets
46902	46902

Sources of Funds

Paid up Capital	Reserves and Surplus	Secured Loans	Unsecured Loans
25800	20976	NIL	NIL

Application of Funds

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
674	7264	38965	NIL
Accumulated Losses			

IV. Performance of Company (Amount ₹ in Thousand)

Total Income	Total Expenditure	Profit Before Tax	Profit After Tax (Including deferred)
Tax) 7538	5989	1549	1232
Earning per Share (in ₹)		Dividend Rate %	
0.51		NIL	

V. Generic Names of Three Principal Products of Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description
SERVICE	N.A.

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