

Chaudhary Pandiya & Co.
Chartered Accountants

**AUDITOR'S COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF VIKALP SECURITIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Vikalp Securities Limited for the financial year ended 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges in India.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. IT is neither an audit nor an examination of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all material respect with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

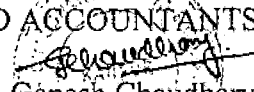
We state that no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the company, shareholders/investors grievances committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place :- Kanpur

Date :- 29-08-2008

FOR CHAUDHARY PANDIYA & COMPANY
CHARTERED ACCOUNTANTS


Ganesh Chaudhary
PARTNER
M.No. 70838

513, Plaza Kalpana, 24/147 - B, Birhana Road Kanpur-208001

Tel. : 2348095 (O) , 2365737 (R) Telefax : 0512-3017028

e-mail : ganeshchaudhary@hotmail.com

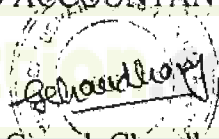
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TO WHOM IT MAY CONCERN

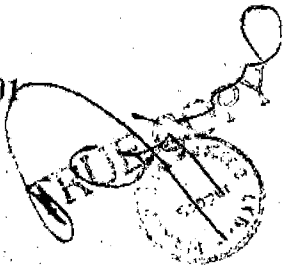
This is to certify that Net Worth of VIKALP SECURITIES LIMITED, 26/73, Karachi Khana, Kanpur is amounting Rs. 3,00,73,825.76 (Three Crore Seventy Three Thousand Eight Hundred Twenty Five & Paise Seventy Six Only) as on 31-03-2008 on the basis of books of account & records produced us.

FOR CHAUDHARY PANDIYA & COMPANY
CHARTERED ACCOUNTANTS

Place:- Kanpur
Dated:- 29/8/08


Ganesh Chaudhary
PARTNER
M.No. 70838

513, Plaza Kalpana, 24/147 - B, Birhana Road Kanpur-208001
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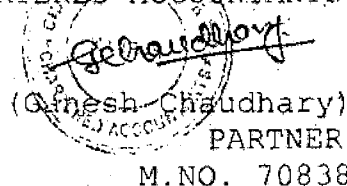
AUDIT REPORT

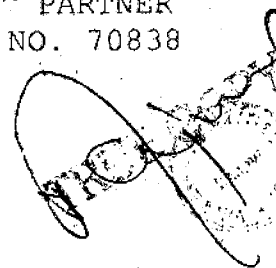
We have audited the attached Balance Sheet of M/s Vikalp Securities Ltd. as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

- (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account and records as specified in Rule 15 of the Securities contracts (Regulation) rules, 1957 have been kept so far as appears from our examination of such books.
- (c) The Stock Broker has complied with the requirements of the stock Exchange so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the Stock Exchange.
- (d) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon give a true and fair view insofar as it related to the Balance Sheet, of the State of affairs of M/s. Vikalp Securities Ltd., and insofar as it relates to the Profit & Loss Account of the profit of M/s. Vikalp Securities Ltd., for the year ended on that date."

PLACE : KANPUR
DATED : 29-08-2008

FOR CHAUDHARY PANDIYA & CO.
CHARTERED ACCOUNTANTS


(Ganesh Chaudhary)
PARTNER
M.NO. 70838



513, Plaza Kalpana, 24/147-B, Birhana Road Kanpur-208001
Tel.: 2348095 (O), 2365737 (R) Telefax: 0512-3017028
E-Mail: ganeshchaudhary@hotmail.com

AUDITOR'S REPORT

To,
THE MEMBERS OF VIKALP SECURITIES LIMITED, KANPUR

1. We have audited the attached Balance Sheet of M/S VIKALP SECURITIES LIMITED and the Profit & Loss Account and the cash flow statement for the year ended 31st March 2008 and report as follows.

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 conducted our audit in accordance with 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 the 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 (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of Sec. 227 of the Companies Act, 1956. We enclose in the Annexure statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to above, we report that :

a. 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.

b. In our opinion proper book of account as required by law have been kept by the company so far as appears from our examination of the books.

c. The Balance Sheet & Profit & Loss account and Cash Flow Statement are in agreement with books of Account.

d. In our opinion the Profit & Loss, Balance Sheet, Cash Flow Statement dealt with by this report company with the requirement of the Accounting standards referred to in Section 3 (C) of Section 211 of the Companies Act, 1956. Except accounting standard AS 9 relating to income recognition in respect of dividend income as per note No. 1.7 (C) of Schedule 10 of the Balance Sheet.

e. On the basis of the written representation received from the directors, and taken on record by the Board of Director, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in manner so required give a true and fair view in conformity with the accounting principles generally accepted in India.

(i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2008.

(ii) In the case of the Profit & Loss account of the Profit for the year ended on that date.

(iii) In the case of Cash Flow Statement of the Cash Flow for the year ended on that date.

FOR CHAUDHARY PANDIYA & CO.
CHARTERED ACCOUNTANTS


GANESH CHAUDHARY
PARTNER
M.N.70838

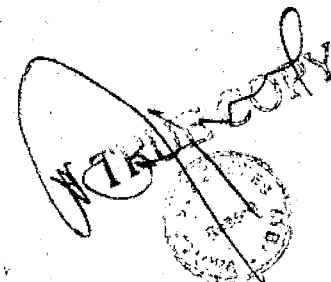
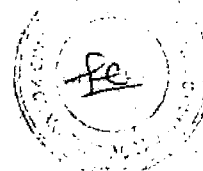
PLACE :- KANPUR

DATE :- 29-08-2008

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE.

RE: VIKALP SECURITIES LIMITED

- 1) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have been physically verified by the management during the year. As informed No material discrepancies were noticed on such verification.
 - (c) There was no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and as informed no material discrepancies were noticed on physical verification.
- 3) (a) According to the information and explanation given to us the company has granted unsecured loan to a company, whose maximum balance at any time during the year is Rs. 231285/- covered in the register maintained under section 301 of the Companies Act, 1956 and the balance outstanding at the end of the year amounts to Rs. 231285/-
 - (b) No interest has been charged on the said advance & all terms & condition of unsecured loans granted by the company are prima facie not prejudicial to the interest of the company.
 - (c) In our opinion and according to the information and explanation provided to us, the company is not paying the principal according to the terms and conditions of the loan given.
 - (d) In our opinion and according to the information and explanation given to us the amount granted to company is overdue but the accounts is regular.
- (b) (i) According to the information and explanations given to us the company has taken unsecured loan from two other parties covered in the register maintained under section 301 of the Companies Act, 1956 whose maximum balance at any time during the year is Rs. 2277016 and the balance outstanding at the end of year in Rs. 1990000/-
 - (b) No interest has been charged on the said loan taken by the company & other terms & condition of unsecured loans are prima facie not prejudicial to the interest of the company.
 - (c) In our opinion and according to the information and explanation provided to us, the company is regular in payment of principal.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanation provided by the management, we are of the opinion that there is transactions that need to be entered into the register maintained under section 301, of the companies Act, 1956 and they are entered into the register
 - (b) In our opinion and according to the information and explanation given to us, there is transaction with parties with whom transactions exceeding value of Rupees Five Lakhs have been entered into during the financial year are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) The company has not accepted any deposits from the public.
- 7) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- 8) Since the company is doing share broking and investment business the requirement of para (VIII) of the clause 4 of order does not apply.



- 9) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including Income Tax, Service Tax, Securities Transaction Tax and other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Service Tax, S T T & other applicable statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues outstanding of Income Tax, Service Tax and other applicable statutory dues on account of any dispute
- 10) The Company has cumulative losses of less than 50% of its net worth at the end of the year but the company has earned profit during the year as well as in the immediately preceding the financial year.
- 11) Based on our audit procedures and on the information and explanations given by the management, the Company does not have any borrowings from financial institutions, banks or by way of debentures.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/ societies.
- 14) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures, and other securities have been held by the company, in its own name.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) The Company do not have any term loans during the year.
- 17) The Company do not have any short term borrowings during the year.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- 19) The Company has not issued any debenture during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) In our opinion and according to the information and explanations given to us the company has not noticed or reported any fraud on or by the Company.

FOR CHAUDHARY, PANDIYA & CO.
CHARTERED ACCOUNTANTS

Ganesh Chaudhary
GANESH CHAUDHARY
PARTNER
M.N.70838

PLACE :- KANPUR
DATE :- 29-08-2008

VIKALP SECURITIES LIMITED BALANCE SHEET AS AT 31ST MARCH 2008

SOURCE OF FUNDS	Schedule No.	CURRENT YEAR (31.3.2008)	PREVIOUS YEAR (31.3.2007)
Share Capital	"1"	30519000.00	30519000.00
TOTAL		30519000.00	30519000.00
APPLICATION OF FUND			
FIXED ASSETS			
Gross Block		569813.47	495313.47
Less :- Depreciation	"2"	451369.58	371762.19
Net Block		118443.89	123551.28
Investments	"3"	6560967.05	6546887.05
Fixed Assets & Investments		6669410.94	6670438.33
Inventories		1646121.28	1646121.28
Loan & Advances	"4"	19301338.23	13156134.81
Sundry Debtors	"5"	3876670.26	7216544.92
Cash & Bank Balance	"6"	732594.31	738741.80
Total Current Assets Loans & Advances		25556724.08	22757542.81
Less:-Current Liabilities & Provision	"7"	2152309.26	148022.00
Net Current Assets		23404414.82	22609520.81
Profit & Loss Account			
Balance as per last Balance Sheet		1239040.86	1222685.79
Less Profit During the year		-793866.62	16355.07
		445174.24	1239040.86
Note to Accounts	"9"		

Total Rs. **TOTAL** 30519000.00 30519000.00

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR CHAUDHARY PANDIYA & CO.
CHARTERED ACCOUNTANTS

(GANESH CHAUDHARY)
PARTNER
M.N.70838

PLACE: KANPUR
DATED: 29-08-2008

FOR AND ON BEHALF OF THE BOARD

ARUN K. RIWAL DIRECTOR

SHARAD TANDON DIRECTOR

LALTA PRASAD DIXIT DIRECTOR

VIKALP SECURITIES LIMITED

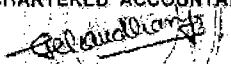
Profit & Loss Account for the Year ended on 31st March 2008

	Schedule No.	CURRENT YEAR	PREVIOUS YEAR
INCOME			
Sales Delivery		0.00	17780828.94
Interest Nett		1158543.35	868541.16
Dividend		13296.25	54031.25
Other Income		0.00	519.98
Profit in Share Dealing (Without Delivery)		47284.68	1956730.57
Long term Capital Gain		0.00	1811410.27
Rent Recd		111450.00	43750.00
Interest on F D R A/C		8052.81	0.00
TOTAL		1338637.09	22525812.17
EXPENDITURE			
Purchases Delivery		0.00	18122669.29
Decrease in Stock		0.00	735296.94
Administrative Expenses	"8"	320115.16	910198.19
Depreciation		79807.39	12512.83
Future Option Trading Loss		0.00	2147845.30
TOTAL		399722.55	21928522.55
PROFIT / (LOSS)			
Profit/(Loss) During the year		938914.54	597289.62
Excess Interest Income of previous year written back		-19896.92	-546254.69
Securities Trans. Tax Paid		-13817.00	-67016.00
Less:- MAT		-95420.00	-374.00
Fringe Benefit Tax		0.00	
Differed Tax		-15914.00	
Profit/(Loss) Carried to Balance Sheet		793866.62	-16355.07

Face Value per Share- Rs. 10/-

Earning Per Share (Basic & Diluted) Rs. 0.26 -0.005

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR CHAUDHARY PANDIYA & CO.
CHARTERED ACCOUNTANTS


(GANESH CHAUDHARY)

PARTNER
M.N:70838

PLACE: KANPUR
DATED: 29-08-2008

FOR AND ON BEHALF OF THE BOARD

ARUN K. RIWAL DIRECTOR

SHARAD TANDON DIRECTOR

LALTA PRASAD DIXIT DIRECTOR

VIKALP SECURITIES LIMITED

Schedule forming part of Balance Sheet

Schedule "1"

Schedule No. 1**SHARE CAPITAL**

Authorised

3500000 Equity Share of Rs. 10/-
Each

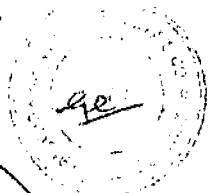
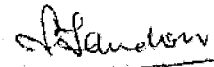
Issued, Subscribed & Paid Up.

3051900 Equity Share of Rs. 10/-
Each**CURRENT YEAR****PREVIOUS YEAR**35000000.0035000000.0030519000.0030519000.00**TOTAL**30519000.0030519000.00**Schedule No.3****INVESTMENTS**

U.P. Stock Exchange Association Ltd Member Ship

Heritage of Sterling Holiday

Shares & Deb. (Market Value Rs.5521976.96)

1000000.001000000.00145100.00145100.005405867.055401787.05**TOTAL**6550967.056546887.05


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