



# **Annual Report**

2009-10

●●● **VIKALP SECURITIES LIMITED** ●●●



## VIKALP SECURITIES LIMITED

Twenty Fourth Annual Report  
2009-10

**BOARD OF DIRECTORS** : (I) MR. ARUN KEJRIWAL, MANAGING DIRECTOR  
(II) MR. SHARAD TANDON  
(III) MR. LALTA PRASAD DIXIT  
(IV) MR. T. N. AGARWAL  
(V) MR. SHIV KUMAR TRIVEDI

**AUDITORS** : CHAUDHARY PANDIYA & CO.  
513, PLAZA KALPANA,  
24/147-B, BIRHANA ROAD,  
KANPUR - 208 001 U.P.

**BANKER(S)** : (I) STANDARD CHARTERED BANK, KANPUR  
(II) STATE BANK OF INDORE, BIRHANA ROAD, KANPUR  
(III) THE NAINITAL BANK LTD., BIRHANA ROAD, KANPUR

**REGISTERED OFFICE** : 26/73, KARACHI KHANA,  
KANPUR - 208 001

**VIKALP SECURITIES LTD**

Registered Office : 26/73, Karachi Khana, Kanpur

**NOTICE**

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of VIKALP SECURITIES LTD will be held on, the 30<sup>th</sup> day of September 2010 at 9 A.M. at the registered office of the Company at 26/73 Karachi Khana, Kanpur to transact the following business :

**Ordinary Business :**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of directors and Auditor thereon.
2. To reappoint Mr. S. K. Trivedi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration. The retiring Auditors M/s Chaudhary Pandiya & Company., Chartered Accountants, Kanpur are, however, eligible for re-appointment.

**SPECIAL BUSINESS :**

4. To consider and if thought fit, to pass with or without modification (s), the following resolution as ordinary Resolution :-  
"RESOLVED THAT M/S. ADESH TANDON & ASSOCIATES, Company Secretaries be and is hereby appointed for giving Compliance Certificate to the Company by virtue of the proviso to sub-section (1) of Section 383A inserted by the Companies (Amendment) Act, 2000 and who cease to hold office with the conclusion of this Annual General Meeting, be and are hereby reappointed to hold office from the conclusion of this Annual General Meeting on a remuneration to be decided by Board of Directors."

Date : 23<sup>rd</sup> August 2010  
Place: Kanpur

For and on Behalf of the Board

(Arun Kejriwal)  
Managing Director

**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 proxy need not be a Member of the Company.
2. Proxy, in order to be effective, must reach at the Registered Office of the Company before 48 hours from the commencement of the Annual General Meeting.
3. The relevant explanatory statement pursuant Section 173 (2) of the Companies Act 1956 is annexed hereto.
4. Brief about the retiring director pursuant to Corporate Governance Compliance :- Mr. S.K. Trivedi has been associated with the company since past 6 years and has been continuously working toward the development of the company.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :-**  
**ITEM NO. 4**

The proviso to Section 383A of the Companies Act, 1956, requires every company which is not required to employ a whole time secretary and has a paid up share capital of Five crores rupees or more to file with the Registrar of Companies a Secretarial Compliance Certificate issued by a Company Secretary in whole time practice in the prescribed format as to whether the company has complied with all the provisions of the Act and a copy of such certificate shall also be attached with the Board's report. Hence the reappointment of M/S Adesh Tandon & Associates, Company Secretaries is placed before you for your approval to issue Secretarial Compliance Certificate for the year ended 31<sup>st</sup> March 2011.

None of the Directors are concerned or interested in the above Resolution.

Date : 23<sup>rd</sup> August 2010  
Place: Kanpur

For and on Behalf of the Board

(Arun Kejriwal)  
Managing Director

## Directors' Report

To,

The Members

Your Directors have pleasure in presenting their Annual Report together with Audited Accounts of the Company for the year ended 31st March 2010.

### FINANCIAL RESULTS

|  | <u>2009-2010</u> | <u>2008-2009</u> |
|--|------------------|------------------|
| Total Income                               | 3128312.75       | 1380276.75       |
| Profit before Interest, Depreciation & Tax | 104328.04        | 1066365.22       |
| Less : Depreciation                        | 11501.84         | 79134.21         |
| Interest                                   | 0.00             | 0.00             |
| PBT/(Loss) Before Tax                      | 92826.20         | 987231.01        |
| Fringe Benefit Tax                         | 0.00             | -462.00          |
| Fringe Benefit Tax of Previous Year        | 0.00             | -400.00          |
| Deferred Tax Assets /(Liability)           | (986)            | 13621.00         |
| Current Year Income tax                    | (32309)          | 0.00             |
|  | 59531.20         | 999990.01        |
| Appropriation                              | 0.00             | 0.00             |
| General Reserve                            | 0.00             | 0.00             |
| Balance Carried to Balance Sheet           | 59531.20         | 999990.01        |

During the year under review, the total income of the Company is Rs. 3128312.75 as compared to previous year is Rs.1380276.75. The Company has generated a profit of Rs. 92826.20 as compared to profit of Rs. 987231.01 in the previous year. Your Directors are planning to take effective steps to enhance the profitability of the Company.

### BUSINESS ACTIVITIES:

There is no change in the business activities of the Company since our last report.

### FIXED DEPOSITS:

Your Company has not accepted any deposits and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

### DIRECTORS:

There is no change in Board of Directors during the year. Mr. S.K. Trivedi retires by rotation and being eligible offers himself for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT :

- Pursuant to requirements under section 217(2AA) of the Companies Act, 1956 the Board of Directors of your Company confirms:
- I. That in the preparation of the annual accounts the applicable accounting standards had been followed and there are no material departures thereof.
  - II. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2010 and of the Profit of the Company for that year;
  - III. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - IV. That the directors had prepared the annual accounts on a going concern basis.

### COMMENTS OF THE DIRECTORS:

As per information furnished to the company there are no dues which are due to Micro, Small and Medium Enterprises based on

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feedback available to the company. Dividend is accrued on cash basis, since same accrues only when the amount is received otherwise there exists no mechanism to determine the date of declaration of dividend by the company. Thus the accruality stands postponed till date of receipt of dividend. Amount [paid inadvertently to person registered U/S 301 of The Companies Act, 1956 has been recovered during the current year.

### AUDITORS :

M/s.Chaudhary Pandiya & Company, Chartered Accountants, Kanpur the Auditor's of the Company are retiring at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received a letter from M/s M/s.Chaudhary Pandiya & Company, Chartered Accountants, Kanpur to the effect that their appointment as Auditors, if made, would be within the limits under section 224 (1B) of the Companies Act 1956.

### LISTING ON STOCK EXCHANGES :

The Company's equity shares are currently listed with the U. P. Stock Exchange Association Limited, Kanpur, Delhi Stock Exchange Limited, Delhi, The Mumbai Stock Exchange Assn. Ltd and The Calcutta Stock Exchange Ltd.

The Company has paid the requisite listing fees to the stock exchanges for the financial year under review except for Delhi Stock Exchange Limited and The Calcutta Stock Exchange Ltd as a delisting resolution has been passed in 2007 for the delisting of the shares from these stock exchanges.

### CORPORATE GOVERNANCE :

A Report on Corporate Governance as stipulated under Clause 49 of the Listing agreement entered with the Stock Exchanges, forms part of the Annual Report.

Your company has been in compliance with all the norms of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

### PARTICULARS OF EMPLOYEE(S) :

None of the Employee of the Company was in receipt of total remuneration of Rs. 24, 00,000/- during the financial year under review or Rs.2, 00,000/- per month. Hence, the information under Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be furnished.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION :

The Company has no activities relating to the conservation of energy or technology absorption.

### FOREIGN EXCHANGE EARNING AND OUTGO :

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans :- NIL

Since, the company is not engaged in any activities relating to Exports, therefore there are no Foreign Exchange Earnings and Outgo.

#### **Total Foreign Exchange used and earned :-**

|                          |         |
|--------------------------|---------|
| Foreign Exchange Earning | Rs. Nil |
| Foreign Exchange Outgo   | Rs. Nil |

### ACKNOWLEDGMENTS :

Your Directors place on record their appreciation for the excellent support, trust, guidance and cooperation extended & reposed by the by all its stakeholders, employees, customers, Financial Institutions and Banks, statutory & regulatory bodies and local authorities in the Company and look forward to their continued patronage. The Board also expresses its appreciation of the understanding and support extended by the shareholders and employees of the Company.

Place : Kanpur  
Dated : 23<sup>rd</sup> August 2010

By Order of the Board

(Arun Kejriwal)  
Managing Director

(Sharad Tandon)  
Director

## Corporate Governance Report

The Directors are pleased to present their 8<sup>th</sup> Corporate Governance report for the financial year 2009-2010, Corporate Governance is the application of the best management practices, compliance of law and adherence to ethical standards to achieve the company's objective of enhancing shareholder value and discharge of social responsibility. The Corporate Governance Structure in the company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the senior management, employees etc.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. Corporate Governance is an integral part of management, execution of business plans, policies and processes as the Company believes that it is a tool to attain and enhance the competitive strengths in business and ensure sustained performance for continuously enhancing the value for every stakeholder. Accordingly, **VIKALP SECURITIES LIMITED** endeavors to adhere to the highest levels of transparency, accountability and ethics in all its operations fully realizing at the same time social responsibilities. The Company's focus on Corporate Governance is reflected in following :

- Composition, size and functioning of and disclosures to the Board of Directors and various Committees of the Board.
- Board's commitment to discharge duties and responsibilities entrusted upon them by the Statute and to live up to the expectations of stakeholders of the Company and public at large.
- Strong value systems and ethical business conduct.
- Sound internal control.
- Transparency, accountability, social responsibility and ethics in all its operations.
- Putting in place the Code of Conduct for all the members of Board and team of senior management personnel.
- Efforts for prompt redressal of investors' grievances.
- Appropriate delegation of authority responsibility, monitoring of performance and collective decision making involving senior management team in all key decisions.
- Automated seamless integrated work flow to ensure consistency and timely flow of information.

### 2. Board of Directors

According to Clause 49 of the Listing Agreement, if the Chairman is Executive, at least half of the Board should consist of independent Directors.

The Board of Directors of the Company includes eminent personalities various fields.

#### Composition of Board of Directors :

As on 31<sup>st</sup> March 2010, the Board consisted of five directors. The company has an optimum combination of executive and non executive director. Four of the directors are Non Executive Directors as well as Independent. Mr. Arun Kejriwal is the only Executive Director, non independent. Composition of the Board of directors showing the details of their status, directorship and committee membership as on 31.03.2010 is as follows :

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### 3. COMPOSITION OF BOARD OF DIRECTORS AND PARTICULARS THEREOF :

| SL. NO. | NAME                    | POSITION   | NO. OF BOARD MEETING ATTENDED DURING THE YEAR | WHETHER ATTENDED LAST AGM | SHARE-HOLDING IN THE COMPANY IN NUMBER & PERCENTAGE |
|---------|-------------------------|--|---|---------------------------|---|
| 1.      | Shri Arun Kejriwal      | Promoter, Executive/Non Independent Director, Chairman and Managing Director | 5   | Yes                       | 237412<br>7.8%                                      |
| 2.      | Shri Sharad Tandon      | Non Executive Independent  | 5   | Yes                       | 500<br>0.016%                                       |
| 3.      | Shri Lalta Prasad Dixit | Non Executive Independent Director   | 5   | Yes                       | 5300<br>0.17%                                       |
| 4.      | Shri T. N. Agarwal      | Non Executive, Independent   | 2   | Yes                       | NIL   |
| 5.      | Shri Shiv Kumar Trivedi | Non Executive, Independent   | 2   | Yes                       | NIL   |

The Annual general Meeting was held on 30<sup>th</sup> September 2009.

One Extra Ordinary General Meeting of the company was held on 1<sup>st</sup> April 2009 during the Financial Year.

### 4. OUTSIDE DIRECTORSHIPS AND MEMBERSHIP OF BOARD COMMITTEES :

| Sl. No. | Name                    | Number of Directorships in other Public Companies | No. of Committee position held in other Companies |        |
|---------|-------------------------|---|---|--------|
|         |                         |   | Chairman  | Member |
| 1.      | Shri Arun Kejriwal      | 1   | NIL   | NIL    |
| 2.      | Shri Sharad Tandon      | NIL   | NIL   | NIL    |
| 3.      | Shri Lalta Prasad Dixit | NIL   | NIL   | NIL    |
| 4.      | Shri T. N. Agarwal      | 3   | NIL   | NIL    |
| 5.      | Shri Shiv Kumar Trivedi | NIL   | NIL   | NIL    |

#### Notes :

- Directorship held by Directors in other companies does not include alternate directorships, directorships in foreign companies, Section 25 and private limited companies.
- In accordance with Clause 49, Chairmanships/Memberships only in Audit Committee & Shareholders Grievance Committee of public limited companies have been considered for committee positions.
- None of the directors is a member in more than 10 committees and is not a Chairman in more than 5 committees across the Companies in which he is a director.

### 5. BOARD MEETING AND PROCEDURES :

The Board duly met for a total of 5 (five) times during the year 2009-10, the dates on which the said meetings were held are 30<sup>th</sup> April 2009, 31<sup>st</sup> July 2009, 31<sup>st</sup> August 2009, 31<sup>st</sup> October 2009, 31<sup>st</sup> January 2010. During the year all the requirements of clause 49 of the listing Agreement have been complied with. The information as required under Annexure IA to clause 49 has been made available to the Board.

**5A. Scheduling and selection of Agenda Items for Board Meetings :**

- (i) Minimum four Board meetings are held in each year. Apart from the above, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) The Board has complete access to any information within the Company and with the employee of the Company. The information placed before the Board includes:-
  - 1) Annual operating plans and budgets and any updates.
  - 2) Capital budgets and any updates.
  - 3) Quarterly results for the company.
  - 4) Minutes of meetings of Audit committee and other Committees of the board as also resolutions passed by Circulation.
  - 5) The information on recruitment and remuneration of senior management personnel just below the Board level.
  - 6) Show cause, demand, prosecution notices and penalty notices which are materially important.
  - 7) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
  - 8) Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
  - 9) Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
  - 10) Details of any joint ventures or collaboration agreement.
  - 11) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
  - 12) Significant labour problems and their proposed solutions and any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
  - 13) Sale of material nature, investments, subsidiaries, assets, which is not in normal course of business.
  - 14) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
  - 15) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non payment of dividend, delay in share transfer etc.
- (iii) The Chairman of the Board in consultation with other concerned team members of the senior management and with the help of Practicing Company Secretary finalizes the agenda papers for the Board meetings.

**5B. Board Material distributed in advance :**

- (i) Agenda and Notes on Agenda are circulated to the Directors, in advance. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda.
- (ii) In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance.

**5C. Recording Minutes of proceedings at Board and Committee meetings :**

The minutes of the proceedings of each of the Board and Committee meeting are duly recorded. Draft minutes are circulated to all the members of the Board / Committee for their comments.

**5D. Compliance :**

The Compliance officer is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued there under and to the extent feasible, the Secretarial Standards recommended by the Institute of Company Secretaries of India, New Delhi.

**5F. Board Meetings :**

There were 5(Five) Board meetings held during the financial year 2009-10 on 30<sup>th</sup> April 2009 , 31<sup>st</sup> July 2009, 31<sup>st</sup> August 2009, 31<sup>st</sup> October 2009, 31<sup>st</sup> January 2010. The gap between any two Board Meetings did not exceed four months. Leave of absence was granted to the non-attending directors on their request and noted in the attendance register.



**6. BOARD COMMITTEES :**

In terms of Clause 49 of the Listing Agreement, the Board has constituted three committees i.e. Audit Committee, Shareholders/Investors Grievance Committee, Remuneration Committee and Share Transfer Committee. Further, Board has also constituted a Share Transfer Committee to handle the issues and for the compliance of legal formalities involved in the Transfer of Shares.

Board Committees

(i) Audit Committee

The Audit Committee has been constituted by the Board of Directors at its meeting in accordance with Clause 49 of the Listing Agreement with the Stock exchanges.

The Composition as on 31<sup>st</sup> March 2010 was as under :-

| Sl. No. | Names of Members        | Designation | Executive/<br>Non Executive/<br>Independent | No. of Meetings<br>attended during the<br>year 2009-10 |
|---------|-------------------------|-------------|---|--|
| 1       | Shri Lalta Prasad Dixit | Chairman    | Non Executive<br>Independent                | 4  |
| 2       | Shri T.N. Agarwal       | Member      | Non Executive<br>Independent                | 4  |
| 3       | Shri Shiv Kumar Trivedi | Member      | Non Executive<br>Independent                | 4  |

The chairman of the committee was present at the last Annual General Meeting held on 31<sup>st</sup> September 2009.

The primary objective of Audit Committee is monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

The audit committee met four times during the year. The dates of the Audit Committee Meetings are 30<sup>th</sup> April 2009, 30<sup>th</sup> July 2009, 31<sup>st</sup> October 2009, 31<sup>st</sup> January 2010. The terms of the reference of the Audit Committee includes the matter specified in clause 49 of the listing agreement (as amended) with the stock exchanges. The Audit Committee reviewed the reports of the internal auditors, the report of the statutory auditors arising out of the quarterly, half yearly and annual review of the accounts, considered significant financial issues affecting the company and held discussion with the internal and statutory auditors and company management during the year.

(ii) Terms of Reference

The Audit Committee while exercising its functions has powers including but not limited to following :

- To investigate any activity brought to the notice of the Committee.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- The Audit Committee performs such additional function as would be assigned to it from time to time by the Board and in particular the following.
- Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, reappointment and, if required the replacement or removal of the statutory auditor and fixation of the audit fees.
- Approval of the payment to the statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statement before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Boards' Report in terms of the clause (2AA) of section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;