



Annual Report

2015-16

●●● **VIKALP SECURITIES LIMITED** ●●●

Registered Office : 25/38, Karachi Khana, Kanpur - 208001, Uttar Pradesh

CIN : L65993UP1986PLC007727 , CONTACT NO. : 0512 - 2372665

EMAIL ID : vikalpsecuritieslimited@gmail.com

WEBSITE : www.vikalpsecurities.com

VIKALP SECURITIES LIMITED

BOARD OF DIRECTORS

Arun Kejriwal (Managing Director)
Tej Narain Agarwal (Independent Director)
Sharad Tandon (Independent Director)
Vinod Kumar Sharma (Independent Director)
Ashish Dixit (Non Independent Director)
Sonali Kejriwal (Non Independent Director)

BANKERS

State Bank of India
Birhana Road, Kanpur

KEY MANAGERIAL PERSONNEL

Arun Kejriwal (Managing Director)
Shraiya Paliwal (Company Secretary and
Compliance Officer)
Ashish Dixit (Chief Financial Officer)

REGISTERED OFFICE

25/38, Karachi Khana
Kanpur - 208001,
Uttar Pradesh,
Contact No. 0512-2372665,
E-Mail id : vikalpsecuritieslimited@gmail.com
website : www.vikalpsecurities.com
CIN : L65993UP1986PLC007727

AUDITORS

STATUTORY AUDITORS

Chaudhary Pandiya & co.
Chartered Accountants
513, Plaza Kalpana, 24/147-B,
Birhana Road Kanpur-208001

REGISTRAR & SHARE TRANSFER AGENT

Skyline Financial Services Private Limited
D-153 A, 1st Floor, Okhla Industrial Area,
Phase-1, New Delhi-110020,
Contact Number : 011-26812682, 83
Fax No. : 011-26812682
Email Id : admin@skylinerta.com

SECRETARIAL AUDITORS

Adesh Tandon & Associates
Company Secretaries
"Kan Chambers"
Office No. 811, 8th Floor,
14/113, Civil Lines,
Kanpur - 208001

INTERNAL AUDITORS

Alok Basudeo & Co.
Chartered Accountants
16/17 G, Civil Lines,
Kanpur-208001

Thirtieth Annual Report

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ANNUAL GENERAL MEETING	29TH OF SEPTEMBER, 2016
TIME	09:00 A.M.
VENUE	25/38, KARACHI KHANA, KANPUR-208001, UTTAR PRADESH
BOOK CLOSURE	27TH OF SEPTEMBER, 2016 TO 29TH OF SEPTEMBER, 2016 (BOTH DAYS INCLUSIVE)

Vikalp Securities Ltd.

Directors' Report

To,
The Members

Your Directors have pleasure in presenting their 30th Annual Report together with Audited Financial Statements of the Company for the year ended 31st March 2016.

FINANCIAL RESULTS

Particulars	2015-2016	2014-2015
Total Income	3947290.50	4213643.00
Profit before Interest, Depreciation & Tax	2001121.50	2589235.00
Less : Depreciation	15433.26	15432.25
Interest	826807.00	1247498.00
PBT/(Loss) Before Tax & exceptional items	1158881.24	1326304.75
Less: Exceptional items:	0.00	0.00
Profi(loss) before tax	1158881.24	1326304.75
Less:Fringe Benefit Tax	0.00	0.00
Deferred Tax Assets /(Liability)	2768.00	1406.00
Current Year Income tax	371040.00	446239.00
Earlier Year Excess Provision of Income Tax	51529.00	
Prior Period Income/(Expenses)	-	-
Profit for the period	842138.24	881471.75
Appropriation	00	00
General Reserve	00	00
Balance Carried to Balance Sheet	842138.24	881471.75

FINANCIAL PERFORMANCE :

During the year under review, the total income of the Company is Rs. 3947290.50 as compared to previous year is Rs. 4213643.00. The Company has gained a profit before tax of Rs. 115881.24 as compared to profit of Rs. 1326304.75 in the previous year.

SHARE CAPITAL :

The paid up Equity Share Capital of the company as on 31st of March, 2016 is Rs. 3,05,19,000/-. During the year under review, the company has not issued any shares, stocks.

DIVIDEND :

In order to conserve the resources of the Company, the Board of Directors has not recommended any dividend for the financial year ended on 31st of March, 2016.

BUSINESS ACTIVITIES:

The company has deployed surplus funds for the time being in securities as investment and granted loans for the purpose of gain.

STATE OF COMPANY'S AFFAIRS:

Income

Your Company has for the year ended on 31st of March, 2016, reported a total revenue of Rs. 3947290.50 as compared to Rs. 4213643.00 in financial year ended on 31st of March, 2015.

The profit before tax is Rs. 1158881.24 for the year ended 31st of March, 2016 as compared to Rs. 1326304.75 in the financial year ended on 31st of March, 2015.

The Net profit for the current year is Rs. 842138.24 as compared to net profit of Rs. 881471.75 in previous year.

Expenses:

The total expenses for the current year is Rs. 2788409.26 as compared to total expenses of Rs. 2887338.25 in previous year.

CHANGE IN NATURE OF BUSINESS:

There is no change in the nature of business of the Company during the year under review.

FIXED DEPOSITS:

Your Company has not accepted any deposits under section 73 or 76 of the Companies Act, 2013 during the period under review and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

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CONSTITUTION OF VARIOUS COMMITTEES:

The Board of Directors of the Company has constituted the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee in accordance with the requirement of Companies Act, 2013. They function according to their respective roles and defined scope and in accordance with the terms of reference specified by Board of Directors.

Constitution of above committees are as follows :

AUDIT COMMITTEE

NAME OF MEMBER	DESIGNATION	EXECUTIVE/NON-EXECUTIVE AND INDEPENDENT/NON-INDEPENDENT DIRECTOR
Mr. Vinod Kumar Sharma	Chairman	Non-Executive and Independent Director
Mr. Sharad Tandon	Member	Non-Executive and Independent Director
Mr. Ashish Dixit	Member	Non-Executive and Non-Independent Director
Mr. Tej Narain Agarwal	Member	Non-Executive and Independent Director

NOMINATION AND REMUNERATION COMMITTEE

NAME OF MEMBER	DESIGNATION	EXECUTIVE/NON-EXECUTIVE AND INDEPENDENT/NON-INDEPENDENT DIRECTOR
Mr. Tej Narain Agarwal	Chairman	Non-Executive and Independent Director
Mr. Vinod Kumar Sharma	Member	Non-Executive and Independent Director
Mr. Sharad Tandon	Member	Non-Executive and Independent Director

STAKEHOLDERS RELATIONSHIP COMMITTEE

NAME OF MEMBER	DESIGNATION	EXECUTIVE/NON-EXECUTIVE AND INDEPENDENT/NON-INDEPENDENT DIRECTOR
Mr. Sharad Tandon	Chairman	Non-Executive and Independent Director
Mr. Arun Kejriwal	Member	Executive and Non- Independent Director
Ms. Sonali Kejriwal	Member	Non-Executive and Non-Independent Director

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

DIRECTORS :

Mr. Ashish Dixit, who was liable to retire by rotation was reappointed as Director of the company in the Annual General Meeting of the Company for the financial year 2014-2015.

Mr. Vinod Kumar Sharma was appointed as Independent Director of the Company for 5 years with effect from 30th September, 2015 in the Annual General Meeting of the Company for the financial year 2014-2015.

Ms. Sonali Kejriwal, was regularized as director of the Company on 30th of September, 2015 in the Annual General Meeting of the Company for the financial year 2014-2015.

Ms. Sonali Kejriwal, the director of the company retires by rotation in the Annual General Meeting of the Company for the financial year 2015-2016 and being eligible has offered herself for re-appointment.

The Board of Directors proposes to re-appoint Mr. Arun Kejriwal as Managing Director of the Company, who is eligible and willing to be appointed, for a further period of 3 years w.e.f. 1st of July, 2016. The relevant special resolution for the same is contained in the notice calling Annual General Meeting.

KEY MANAGERIAL PERSONNEL :

Mr. Arun Kejriwal, Managing Director, Mr. Ashish Dixit, Chief Financial Officer and Ms. Shraiya Paliwal, Company Secretary, are the Key Managerial Personnel of the Company as per the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The required information as per Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the directors seeking appointment and re-appointment at the Annual General Meeting for the financial year ended on 31st of March, 2016 is annexed to the notice of the Annual General Meeting.

Vikalp Securities Ltd.

RISK MANAGEMENT POLICY:

The Company appreciates the fact that management of risk is an essential element of growth and for the same, assessing the risk and taking steps to control and curb it is necessary. Thus the Board has implemented a well laid out risk management plan in the company and suitably incorporated procedures in it for assessing and minimizing the prospective risks to which the company may be exposed. The Audit Committee also monitors and evaluates the risk management plan placed in the company from time to time in order to review if it is working properly and if it needs any kind of modification. The board has not identified any element of risk which can create a threat to the company's business or its existence during the period under review.

FORMAL ANNUAL EVALUATION OF BOARD OF DIRECTORS AND ITS COMMITTEES AND INDIVIDUAL DIRECTORS :

Performance evaluation of the Board of Directors of the Company

As per the evaluation criteria formulated by the Nomination and Remuneration Committee of the committee, the Board has evaluated its own performance in context of company's performance, status of compliance carried out, efforts made towards risk management, internal control, code of conduct followed and maintained by them, ethical standards met. Below are some of the criteria on the basis of which Board has made its evaluation at specific intervals :

- 1) Size and composition of the Board of Directors of the company as per Companies Act, 2013.
- 2) Diversity of thought, experience, knowledge, perspective, efficiency of board members to take initiatives and bringing out new ideas and gender in the Board of Directors of the company.
- 3) Maintaining transparency in the entire board processes.
- 4) Any deviations, if any, from the set goals of the Board and steps taken to control such deviations.
- 5) Efficiency and effectiveness of the Board of Directors of the Company in carrying out its functions.
- 6) Timely flow of information among the Board of Directors.
- 7) Updation of knowledge of governing laws, rules and regulations.
- 8) Independent judgement of each matter placed before the Board of Directors.

After evaluating its own performance, Board is of the view that the performance of the Board of Directors as a whole was satisfactory during the financial year 2015-2016.

Performance evaluation of the Committees of Board of Directors of the Company

The Board of Directors of the company evaluated the performance of each of its committees on the basis of various criteria such as composition of committee, quantum and quality of information received by the committee members, time spent for discussing the matter and reaching out to the final decision, efficiency and effectiveness of the decision making of the committee members, level of active participation of committee Members, number of meetings attended by the members, presence of the Chairman of the committee, follow up of action taken.

On the basis of the above criteria and the working procedure established by the Board of Directors of the company, the Board is of unanimous consent that all the committees of the company are working satisfactorily.

Performance evaluation of the Independent Directors of the Company

As per the criteria formulated by Nomination and Remuneration Committee for the performance evaluation of Independent directors, the performance of each Independent director was evaluated by the entire Board of Directors but excluding the director being evaluated. While evaluation the following things were taken into consideration :

- 1) Application of Independent judgement while taking decision as part of the Board of Directors of the company
- 2) Exercise of the responsibility in a bona fide manner in the interest of the company
- 3) Attendance in the meeting of Board of Directors and meetings of committees where independent director is a member.
- 4) Active participation in the familiarization programme conducted for the Independent Director.

Performance evaluation of the each individual director of the Company

Further the Board evaluated during the year, the performance of each Director taking each of them as a separate individual, in order to judge the contribution and efforts made by them individually and the initiatives taken by them during the year. This helped the Board of Directors in deciding whether to extend the tenure of director being evaluated.

MATERIAL CHANGES AND COMMITMENTS THAT MAY AFFECT THE FINANCIAL POSITION OF THE COMPANY :

No material changes and commitments affecting the financial position of the company have occurred during the year under review and the period between the end of the financial year of the company and the date of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the year under review, there were no significant and material orders passed by the Regulators, courts or Tribunals, which may impact the going concern status and company's operation in future.

INTERNAL FINANCIAL CONTROLS:

The existing internal financial control system is adequate and commensurate with the nature and size of the business of the company. The internal auditors of the company keep a follow up on the internal financial reporting and information dissemination of the company between the departments. The Audit committee of the company interacts from time to time with the internal auditors of the company regarding the adequacy of internal financial control system placed in the company.

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REPORTING OF FRAUD DURING THE YEAR UNDER REVIEW:

During the year under review, neither any fraud of any kind on or by the Company has been noticed by the Board of Directors of the Company nor reported by the Auditors of the Company. The Company has an internal financial control system, commensurate to the size of the business, in place.

EXTRACT OF THE ANNUAL RETURN AS PROVIDED UNDER SUB – SECTION (3) OF SECTION 92 OF THE COMPANIES ACT, 2013:

The extract of Annual Return in the prescribed Form MGT - 9 is annexed with this report as Annexure 1

SECRETARIAL AUDIT REPORT:

The Secretarial Audit Report in the prescribed Form MR-1 is annexed with this report as Annexure 2

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149(7) OF THE COMPANIES ACT, 2013:

As per section 149(7) of the Companies Act, 2013, every independent director on his/her appointment and in the first board meeting of every financial year, is required to give declaration of independence as specified in section 149(6). The Company has received declaration under section 149(7) of the Companies Act, 2013 from all of its independent directors.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS :

During the financial year ended on 31st of March, 2016, 6 Board meetings were convened on following dates :
29th of April, 2015, 29th of May, 2015, 13th of August, 2015, 21st of August, 2015, 14th of November, 2015, 12th of February, 2016.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION :

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board of Directors have formulated a policy comprising the criteria for determining qualifications, positive attributes and independence of a director and remuneration for the directors, key managerial personnel and other employees, which has been approved and adopted by the Board. The criteria formulated by the Nomination and Remuneration Committee is duly followed by the Board of Directors of the Company while appointing the directors, Key Managerial Personnel and senior management personnel in the company.

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

Criteria for appointment of Directors in the Company:

- 1) Person of integrity with high ethical standards.
- 2) Person with knowledge, skill and innovative ideas that can be beneficial to the company.
- 3) Interested in learning new things and updating the knowledge and skills possessed.
- 4) Person who can act objectively while exercising his duties.
- 5) Who believes in team spirit
- 6) Who is responsible towards the work and can devote sufficient time and attention to the professional obligations for informed and balanced decision making.

In respect of Managing Director, Whole-time director and Independent director, besides the general criteria laid down by Nomination and Remuneration Committee for all directors, the criteria as mentioned in Companies Act, 2013 have also been included.

Criteria for appointment of Key Managerial Personal and Senior Management Employee:

- 1) Person should be having the required educational qualification, skills, knowledge and experience as required and necessary for the concerned post.
- 2) Person should be hardworking, self-motivated and highly enthusiastic.
- 3) Person should be having positive thinking, leadership qualities, sincerity, good soft skills and power of taking initiatives.

Remuneration policy of the Company :

The Remuneration policy of the company has been framed by the Nomination and Remuneration Committee in such manner that it can attract and motivate the directors, key managerial personnel and employees of the company to work in the interest of the company and to retain them.

- 1) Company has a policy to pay remuneration in such manner that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 2) It has been ensured while formulating the policy that remuneration to directors, key managerial personnel and senior management should involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company.
- 3) Remuneration to be paid to Managing Director/Whole-time Director shall be within the limits specified under Companies Act, 2013.
- 4) Increments to the existing remuneration may be recommended by the committee to the Board of Directors.

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FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS :

Company has in place a familiarization programme under which it has laid down procedural steps to familiarize the new directors with the company's working and applicable laws and other things which help them in getting acquainted with the company, as and when they join the company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 :

Details of loans, guarantees and investments under section 186 of the Companies Act, 2013 have been provided in the notes 8, 9, 11 and 13 to the financial statements annexed to the Annual Report of the Company.

RELATED PARTY TRANSACTION

All contracts/arrangements/transactions entered by the company with the related parties were on arm's length basis and in the ordinary course of business. The Company has adopted a policy on Related Party Transactions, and the same is available on the website of the company www.vikalpsecurities.com at http://www.vikalpsecurities.com/?page_id=100. Form AOC 2 regarding the details of related party transactions is annexed with this report as Annexure 3

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE :

Pursuant to Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act, 2013, the Company has a well framed policy on Prevention of Sexual Harassment at workplace covering all the employees and personnel at the management to ensure the prevention of any instance of such harassment and to provide protection and safeguard to women. During the year, no complaint or case of woman harassment has been reported to the company.

VIGIL MECHANISM :

As per section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014, the Company has adopted a Vigil Mechanism for directors and employees of the company to report their genuine concern for any unethical conduct or malpractice, violation of code of conduct observed by them in the company.

The mechanism provides for adequate safeguards against victimization of directors, employees who avail of the mechanism and also provide for the direct access to the Chairman of the Audit Committee.

Details of Vigil Mechanism adopted by the company are available on the website of the company www.vikalpsecurities.com at http://www.vikalpsecurities.com/?page_id=100.

POLICY ON INSIDER TRADING :

The company follows a strict code on prohibition of Insider Trading and the same has been detailed to all the directors, senior management and employees of the Company.

For ensuring the same, the company has adopted a code of fair disclosure of Unpublished Price Sensitive Information in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 which is available on the website of the company www.vikalpsecurities.com at http://www.vikalpsecurities.com/?page_id=124.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors confirm that :

- (a) In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) They have 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 the affairs of the company at the end of the financial year ended on 31st of March, 2016 and of the profit and loss of the company for that period;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively;
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

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AUDITORS:

STATUTORY AUDITORS :

M/s. Chaudhary Pandiya & Company, Chartered Accountants, Kanpur, the present Auditors of the Company, were appointed as the Statutory Auditors of the Company for a period of 2 years in the Annual General Meeting held on 30th of September, 2015, subject to ratification of their appointment by members in every Annual General Meeting. They have consented to continue in the office as appointed and submitted the necessary certificates in terms of second and third proviso to Section 139(1) of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014. The appointment of present auditors, if ratified shall continue till the conclusion of Annual General Meeting for the financial year 2016-2017.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s. Adesh Tandon and Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company to conduct the Secretarial Audit of the Company for the financial year 2015-2016 and to furnish the audit report to the Company. The Secretarial Audit Report is annexed to this report as Annexure -2.

INTERNAL AUDITORS

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with rule 13 of Companies (Accounts), Rules, 2014, Company appointed M/s. ALOK BASUDEO & CO., Chartered Accountants (FRN: 007299C), as Internal Auditors of the Company for the financial year 2015-2016.

The internal Audit Report as issued by the Internal Auditor was placed before the Board of Directors from time to time.

LISTING ON STOCK EXCHANGES :

The Company's equity shares are currently listed with "The Bombay Stock Exchange Association Limited." Company applied for delisting of its shares from Calcutta Stock Exchange Limited long back ago in 2007 after passing the resolution for the same, but did not receive the written approval for the same. However, based on our own honest opinion and as per the legal advice sought by the company, we are of strong view that if one has applied for delisting of security complying with all the requirements as per the applicable law, then withholding the approval by the esteemed stock exchange does not matter.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

In terms of Regulation 34(2)(e) of the SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, the Management Discussion and Analysis Report is annexed to this report.

CORPORATE GOVERNANCE:

As per SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, the provisions of Corporate Governance are not applicable on the company. Thus, the report on Corporate Governance does not form part of this report.

MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES:

As per Section 197(12) of Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the required disclosure is annexed as Annexure 4

TRANSFER TO RESERVES:

The Company has not transferred any amount for the financial year 2015-2016, to any reserve and the entire Profit and Loss amount has been carried forward to the balance sheet of the Company for the financial year 2015-2016.

DETAILS OF SUBSIDIARY, JOINT VENTURE COMPANIES AND ASSOCIATES COMPANY :

The Company has no subsidiary companies, no joint venture & associate company.

DETAILS ABOUT POLICY ON CORPORATE SOCIAL RESPONSIBILITY:

The Company at present is not covered under the provisions of section 135 of the Companies Act, 2013, which stipulates the formation of Corporate Social Responsibility Committee and policy thereof. Hence, the same is not applicable on the Company during the period under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

As the company is not engaged in any activity requiring the use of energy, thus there is no scope for conservation of energy by the company.

The company has not absorbed any technology during the period under review.

Vikalp Securities Ltd.

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: - NA

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 Outgoing	Rs.	Nil

INDUSTRIAL RELATIONS :

The relations between the employees and the management have remained cordial and harmonious during the year under review.

COMMENTS OF THE DIRECTORS:

With regard to the observations made by the Statutory Auditors of the Company in their report, the Board of Directors wants to present the following explanation :

1) Special Resolution not passed under section 186 of the Companies Act, 2013:

Although company has granted long term and short term unsecured loans to persons, invested in shares and securities of listed companies as well as in unquoted equity shares which is in excess of the 60 % limit as per section 186, but Company has been legally advised that it is exempt from complying the said section as per 186(11)(a) read with rule which provides that a company engaged in the business of financing of companies are exempt from section 186 except section 186(1), thus the loans granted by the company to other companies do not come under its purview. Besides that as per section 186(b)(ii), company's investments in securities of other companies are also exempt. Therefore, if we exclude the loans granted to persons other than companies from the total figures of granted loans, then they amount to Rs. 2913458 which are well within the limit of section 186. Thus, there arises no requirement of taking approval from the members of the company by way of special resolution.

2) Registration as Non-banking Finance Company with Reserve Bank of India :

The company was registered with SEBI having registration no. INB100726335 w.e.f. 07.06.1995 under section 12 of SECURITIES AND EXCHANGE BOARD OF INDIA ACT and was a stock broker of Uttar Pradesh Stock Exchange. As the company was carrying on the business of stock broking and was governed by SEBI, thus as per the RBI guidelines, it was exempt from the applicability of the provisions of section 45 IA of the Act, therefore, the need of getting the company registered with RBI as Non-Banking Finance Company did not arise. However, later on the Company surrendered the stock broking and the same became effective from November, 2012, thereafter the company decided upon to majorly carry on the security trading and investment business on its own account, a line of business in which it was having profound experience and working knowledge for many past years. As the business with which the company was going to continue after the above said surrender did not require the registration as NBFC with RBI, thus the company did not apply for the same.

However, the company was confident to carry on its security trading business with full success and extract good amount of revenue from the same and tried its best to successfully undertake it for long term but as this business completely depends upon the market conditions and prospects, it could not envisage the feasible outcomes and revenues as was aimed by the company. Thus, for the time being the Company focused on other areas of work for revenue generation and deployed its funds towards providing loans to persons. Although Company is keeping a close watch on the security market to tap feasible and revenue generating trading opportunities and is affirmative that it would very soon start trading in the market. Thus, the Company has not gone for registration with RBI as NBFC as till date its sole business is not providing loan to persons. Besides that company is also proposing to diversify its trading activities in other fields also.

The Secretarial Auditors of the Company have also made the same observations in their report as made by Statutory Auditors and the same has been already explained above.

ACKNOWLEDGEMENTS:

Your Directors place on record their appreciation for the excellent support, trust, guidance and cooperation extended & reposed 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 dedicated services provided by the employees of the Company.

Place: Kanpur
Dated: 11/08/2016

For and on Behalf of Board of Directors

(Arun Kejriwal)
Managing Director

(Vinod Kumar Sharma)
Director