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ANNUAL REPORT

2005-2006

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ALKA - INDIA

ALKA INDIA LIMITED

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ANNUAL REPORT
2005-2006

BOARD OF DIRECTORS

Mr. Satish R. Panchariya	Chairman & Managing Director
Mr. Ashok R. Panchariya	Executive Director
Mr. Madanlal B. Purohit	Director
Mr. Sandeep K. Sharma	Director
Mr. Mukesh B. Choradiya	Director

AUDITORS

K.C. Parikh & Associates.

Chartered Accountants

104, Shail, Swagat Restaurant Lane,

B/h. Girish Coldrink, C.G. Road, Ahmedabad-380 009.

REGISTRAR AND SHARE TRANSFER AGENT

Pinnacle Shares Registry Pvt. Ltd

Near Asoka Mills, Naroda Road,

Ahmedabad- 380 025.

REGISTERED OFFICE

E-211, Crystal Plaza, Opp. Fameadlabs,

New Link Road, Andheri (W),

Mumbai-400053,

Maharashtra.

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NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held on Monday, the 30th April, 2007 at 4.30 P.M. at The Club, Opp. D.N. Nagar Police Station, Andheri Link Road, Andheri (W), Mumbai-400053 to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2006 and the Audited Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Shri Madanlal Purohit who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Shri Mukesh Choradiya who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint Auditors and to fix their remuneration.

Regd office :
E-211, Crystal Plaza, Opp. Fameadlabs,
New Link Road, Andheri (W),
Mumbai-400053.

By Order of the Board
For, Alka India Ltd.
Sd/-
Satish R. Panchariya
Chairman & Managing

Director
PLACE : Ahmedabad
DATE : 04-04-2007

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and Shares Transfer Books of the Company will remain closed from 26th April, 2007 to 30th April, 2007 (both days inclusive) for the purpose of Annual General Meeting.

3. Members are requested to bring their copy of the Annual Report at the Meeting, as copies of the Report will not be distributed at the Meeting and produce the Attendance Slip at the Entrance, where the Annual General Meeting will be held.

4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

5. Members are requested to notify immediately any change of address:

   (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and

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(ii) to the Company at its Registered Office or to its Registrar & Share Transfer Agent M/s. Pinnacle Shares Registry Pvt Ltd, in respect of their physical shares, if any, quoting their Registered Folio No.

6. Members seeking further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company at its Registered Office atleast Ten Days before the date of the Meeting, so that the information can be made available at the meeting.

7. As required in terms of Clause 49 of the Listing Agreement, the details of the Directors who are proposed to be re-appointed/appointed are furnished below:

   (a) Shri Madanlal Purohit, retires by rotation and being eligible offers himself for re-appointment.

   Shri Madanlal Purohit, B.A., L.L.B., aged about 62 years is acting as a director of the Company. He is having vast experience in Textile Industry.

   Shri Madanlal Purohit is not Director in any other company.

   (b) Shri Mukesh Choradiya, retires by rotation and being eligible offers himself for re-appointment.

   Shri Mukesh Choradiya aged about 32 years is MBA.

   Shri Mukesh Choradiya is not Director in any other company.

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Regd office :
E-211, Crystal Plaza, Opp. Fameadlabs,
New Link Road, Andheri (W),
Mumbai-400053.

By Order of the Board
For, Alka India Ltd.
Sd/-
Satish R. Panchariya
Chairman & Managing

Director
PLACE : Ahmedabad
DATE : 04-04-2007

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ANNUAL REPORT 2005-2006

DIRECTORS' REPORT

TO,
THE MEMBERS,

Your Directors have pleasure in presenting their 13th Annual Report together with the Audited Statement of accounts for the year ended 30th September, 2006.

FINANCIAL RESULTS

The working results of the Company for the year ended on 30th September, 2006 are as follows:-

(Rs. In lakhs)

	As On 30-09-2006	As On 30-09-2005
Gross Profit/(Loss)	(997.42)	67.20
Less.: Depreciation	58.02	58.02
Profit/(Loss) before Taxation (PBT)	(1055.44)	09.18
Less : Provision for Income Tax	Nil	Nil
Less : Balance of Differed Tax Provision	97.79	Nil
Less: Provision for Fringe Benefit Tax	00.30	01.36
Profit/(Loss) After Tax (PAT)	(1153.53)	07.82
Add: Profit/(Loss) brought forward	(107.04)	(114.86)
Add: Transferred from General Reserve	22.11	Nil
Add: Transferred from Amalgmation Reserve	456.42	Nil
Surplus available for appropriation	(782.04)	(107.04)

APPROPRIATIONS

(Rs. In lakhs)

	As On 30-09-2006	As On 30-09-2005
Profit/(Loss) carried to Balance Sheet	(782.04)	(107.04)
Total	(782.04)	(107.04)

DIVIDEND

Due to losses, your directors are not in a position to recommend any dividend for the year.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956.

PARTICULARS REGARDING EMPLOYEES

There are no employees who is in receipt of remuneration exceeding the limit specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

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CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

A. CONSUMPTION OF ENERGY & TECHNOLOGY ABSORPTION:

The details as required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption are not applicable.

B. FOREIGN EXCHANGE EARNING & OUT GO :

	Current year	Previous year
(a) Earning :	Rs. Nil	Rs.Nil
(b) Outgo :	Rs. Nil	Rs.16,77,44,826/-

DIRECTORATE

Shri Madanlal Purohit and Shri Mukesh Choradiya retire by rotation as Director of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri Mukesh Choradiya was appointed as Director of the company on 31/01/2006 under Section 262 of the Companies Act, 1956 in the casual vacancy caused due to resignation of Shri Ketul Contractor.

Shri Ketul Contractor resigned from the office of the Director of the Company due to his personal reasons w.e.f. 31/01/2006. The board wishes to place on record their appreciation for the valuable services rendered by him during his tenure as director of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm the following.

1. In the preparation of the annual accounts, the Accounting Standards to the extent applicable had been followed along with proper explanations relating to material departures.

2. Adequate accounting policies had been selected & applied them consistently and made judgments and estimates that are reasonable & prudent so as to give true & fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of this Act, for safeguarding the assets of the company & for preventing & detecting fraud & other irregularities.
4. The annual accounts have been prepared for the financial year ended 30th September, 2006 on a going Concern basis.

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REPORT ON CORPORATE GOVERNANCE

A detailed report on Corporate Governance is annexed to this Annual Report. The Company has complied with the conditions of corporate governance as stipulated in clause 49 of the listing agreement. The certificate obtained from the auditors of the company regarding compliance of conditions is annexed to this report.

AUDITORS

The Auditors M/s. K.C. Parikh & Associates, Chartered Accountants, Ahmedabad retire and being eligible offer themselves for re-appointment. You are requested to re-appoint the auditors and fix their remuneration.

Auditors Remarks:-

The provision for leave encashment have not been made in as much as the liability to pay such leave encashment would be taken care of when it is accrued.

Every debtors and creditors of the company was requested to confirm the debit or credit balance as the case may be in their accounts. The confirmation from various creditors/debtors have not been received till the finalization of the accounts. The Company does not have any control over the debtors/creditors and has taken the balance as appears in its ledger accounts.

LISTING

The Shares of the Company are listed on Stock Exchanges at Ahmedabad, Mumbai, Jaipur and Rajkot. Listing fees except to Jaipur and Rajkot Stock Exchanges has been paid.

APPRECIATION

The Board places on record the appreciation of the sincere and devoted services rendered by all the employees and the continued support and confidence of the Shareholders. The Board also expresses their sincere thanks to the Banks and all other well wishers for their timely support.

Registered Office:
E-211, Crystal Plaza, Opp. Fameadlabs,
New Link Road, Andheri (W),
Mumbai-400053.

For and on behalf of Board of Directors

Sd/-
Satish R. Panchariya
Chairman & Managing Director

PLACE: Ahmedabad
DATE : 04/04/2007.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion & Analysis Report Pursuant to Clause 49 of Listing Agreement.

❖ **Industry Structure and Development:**

The Company's products can be classified under the Textile and Bullion segment of the industry. The Company is taking all necessary steps to maximize the profitability of the Company. Looking to the huge scope available in bullion sector both domestically and in International Market Company has entered in bullion segment of its business from the year 2004-05.

❖ **Opportunities and Threats:**

✓ Our product is intermediary product for user industries and the development will be based on dependant other industries.

✓ The Company is making continuous efforts to produce different grades of products to meet the requirement of its customers.

✓ The Company is making efforts for exploring other avenues to increase its sales of different varieties of Garments.

✓ Any changes in international price of its products and fluctuations in foreign exchange will have effect on the profitability of the Company.

✓ In Bullion Segment the Company deals in gold and silver.

❖ **Segment or Product wise performance:**

The Company operates in two-business segment, i.e. Textile comprising cotton, yarn, fabrics etc. and bullion comprising gold & silver.

(Rs. In Lacs)

Description	Textile		Bullion		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales	4812.26	13188.87	13270.83	24480.11	18083.09	37668.98
Other Income	0	19.30	0	0.70	0	20.00
Segment Results	-1056.35	497.33	1.33	-267.03	-1055.02	230.30
Unallocated Expenses	0	0	0	0	0.42	222.48
Net Profit	0	0	0	0	-1055.44	7.82
Segment Assets	9760.44	11423.28	0	135.64	9896.08	11558.92
Unallocated Corporate Assets	0	0	0	0	31.92	42.70
Total Assets	0	0	0	0	9928.00	11601.62
Segment Liabilities	3304.83	2987.79	78.61	1015.18	3383.44	4002.97
Unallocated Corporate Liabilities	0	0	0	0	947.42	847.96
Total Liabilities	0	0	0	0	4330.86	4850.93
Capital Expenditure	0	0	0	0	0	15.50
Depreciation	58.02	58.02	0	0	58.02	58.02
Non cash Expenses Other than depreciation	10.78	10.78	0	0	10.78	10.78

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❖ **Outlook:**

The outlook for the Company appears bright on a long term basis. The Company is hopeful that its performance in the years to come would be encouraging. The Company aggressively entered into bullion segment of its business from the year 2004-05 looking that there is a huge scope available in bullion sector both domestically and in International Market.

❖ **Risk and Concerns:**

The Company is exposed to a number of risks. Some key risks have been mentioned below:

1. The Raw Material prices are market driven being an agricultural product and any natural calamity such as drought/flood will affect the profitability of the company.

2. Any change in the fashion will also have bearing on the profitability of the Company.

3. Any change in prices of gold and silver in the international market affects the domestic market too, which in turn affect the volume of activity and the profitability of the Company.

❖ **Internal Control system and their adequacy.**

The Company has a good system of internal controls in all spheres of its activity. The internal control system is supplemented by effective internal audit headed by the Internal Auditor, a qualified Chartered Accountant. All the staff of the internal audit department are well trained in internal control procedures and well versed with computerized environment. The Management regularly reviews the findings of the internal auditor and effective steps to implement the suggestions/observations of the Auditors are taken and monitored regularly. In the opinion of the Board, an effective internal control system adequate to the size of the Company is in place.

❖ **Financial Performance.**

For the year 2005-06 Net Profit/(Loss) after Tax is Rs.(1153.53) Lacs against Rs. 7.82 Lacs during the previous year.

❖ **Human Resources/Industrial Relations.**

The Company is regularly conducting seminars and workshops to improve the safety and maintenance of the factory. The Company is deputing employees for attending seminars, for updating their skills and knowledge.

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ANNEXURE TO DIRECTOR REPORT

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

Corporate Governance is all about commitment to values and ethical business conduct. The Company believes in setting the highest standards in good and ethical corporate governance practices. The Company's philosophy on Corporate Governance emanates from its commitment for the highest level of transparency and accountability towards its shareholders, customers, employees, Banks and the Government while maintaining steady focus for creation of wealth for shareholders on sustainable basis. The Company is managed by the Managing Director under the supervision and control of the Board of Directors. Corporate Governance in the Company is a systematic process by which Company is directed and controlled to enhance its wealth generating capacity.

2. Board of Directors:

Composition and category of Directors and their attendance at Board meetings and last Annual General Meeting is as follows:

The Board of Directors met six times during the financial year 2005-06 on following dates:

29-10-2005, 31-01-2006, 24-02-2006, 29-04-2006, 08-06-2006 and 31-07-2006.

No	Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM held on 30.05.2006	Other Board		
					Directorship	Committee Chairmanship	Committee Membership
1	Shri Satish R. Panchariya	Promoter, Managing Director	6	No	Nil	Nil	Nil
2	Shri Madanlal Purohit	Non-executive, Independent	6	No	Nil	Nil	Nil
3	Shri Ashok R. Panchariya	Promoter, Executive Director	6	Yes	Nil	Nil	Nil
4	Shri Jitendra P. Jain (Retired w.e.f.30/05/2006)	Non-executive, Independent	4	Yes	2	Nil	Nil
5	Shri Ketul K. Contractor (Resigned w.e.f. 31/01/2006)	Non-executive, Independent	2	No	Nil	Nil	Nil
6	Shri Mukesh B. Choradiya (Appointed w.e.f.31/01/2006)	Non-executive, Independent	Nil	No	Nil	Nil	Nil
7	Shri Sandeep K. Sharma (Appointed w.e.f. 30/05/2006)	Non-executive, Independent	2	No	Nil	Nil	Nil

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