

ALKA SECURITIES LIMITED



12th Annual Report

2005-2006



CONTENTS

	Page No
Notice.....	3
Director's Reports & Annexure.....	6
Corporate Governance Report.....	10
Auditor's Reports.....	18
Balance Sheet.....	22
Profit & Loss Account.....	23
Schedules to Balance Sheet.....	24
Schedules to Profit and Loss Account.....	28
Significant Accounting Policies & Notes to Accounts.....	30
Balance Sheet Abstract.....	33
Cash Flow Statement.....	34

Subsidiary's Financial Statements

Director's Report & Annexure.....	35
Auditor's Reports.....	37
Balance Sheet.....	41
Profit & Loss Account.....	42
Schedules to Balance Sheet.....	43
Schedules to Profit and Loss Account.....	46
Significant Accounting Policies & Notes to Accounts.....	47
Cash Flow Statement.....	50

Consolidated Financial Statements

Auditor's Report.....	51
Balance Sheet.....	53
Profit & Loss Account.....	54
Schedules to Balance Sheet.....	55
Schedules to Profit & Loss Account.....	59
Significant Accounting Policies & Notes to Accounts.....	61
Balance Sheet Abstract.....	64
Cash Flow Statement.....	65

**BOARD OF DIRECTORS****Board of Directors**

Mrs. Alka Pandey	Chairperson & Managing Director
Mr. Brijesh Kothari	Non Executive Director
Mr. MaheshN kothari	Non Executive Director
Mr. Anil Kumar Khetan	Non Executive Independent Director
Mr. Rajkumar Sharma	Non Executive Independent Director
Mr. Sajjan Kumar Sharma	Non Executive Independent Director

Strategic Management Group

Mr. Mahendra Pandey
(Chief Financial Officer)
Mr. Brijesh M Kothari
(General Manager(Mktg & Sales))
Mr. Aashish Mavani
(General Manager-Accounts & Taxation)

Company Secretary
Mr. Shailesh A Kachalia

Bankers

HDFC Bank
Bank Of India

Statutory Auditor

M/s. B.N.Kedia & Co.
Chartered Accountants

Registrars & Share Transfer Agent

M/s.Purva Sharegistry(India) Pvt Ltd.
33,Printing House,
28-D,Police Court Lane,
Behind Old Handloom House,
Fort,Mumbai-400 001

Registered Office

602,Mangal Murti Complex,
Ashram Road,
Ahmedabad-38

Listing on Stock Exchange

Bombay Stock Exchange Ltd.

Branch Offices.

Heera Building ,2nd Floor,
Mint Road,Fort,
Mumbai-400001

11,Shree Palace ,1st Floor,
Daulat Nagar Road no-3,
Borivali-East,
Mumbai-400066

Corporate Office

203, Anupam Building,
Dadabhai Cross Road no-2,
Andheri -West, Mumbai-53

Website

www.alkasecurities.com

ALKA SECURITIES LIMITED

**NOTICE**

NOTICE is hereby given that the 12th Annual General Meeting of the Members of **ALKA SECURITIES LIMITED** will be held at Registered office of the Company at 302, Mangal Murti complex, Ashram Road, Ahmedabad – 380 009. on Friday 11th August 2006 at 11.00 a.m. to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Rajkumar Sharma who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Anil Kumar Khaitan who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution.** "Resolved that Mr. Mahesh N. Kothari be and is hereby appointed as Director of the Company liable to retire by rotation".
6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution.** "Resolved that Mr. Brijesh M Kothari be and is hereby appointed as Director of the Company liable to retire by rotation".
7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution.** "Resolved that Mr. Sajjan Kumar Sharma be and is hereby appointed as Director of the Company liable to retire by rotation".
8. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Special Resolution.** "Resolved that pursuant to the provision of section 94 (1)(e) of the Companies Act 1956 each of the exiting equity shares of Rs.10 each in the capital of The Company on which a sum of Rs.10 is credited as paid up be sub – divided in to 5,00,00,000 equity shares of Rs.10 upon which a sum of Rs.2 shall be Credited as paid up.

BY ORDER OF THE BOARD
For **ALKA SECURITIES LIMITED**

ALKA PANDEY
CHAIRPERSON MANAGING DIRECTOR

Registered Office:
602, Mangal Murti Complex,
Ashram Road,
Ahmedabad – 380 009.
Date: July 11, 2006
Place: Mumbai

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 AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received by the Company not less than 48 hours before the time of Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 7th August 2006 to 11th August 2006 (both days inclusive).
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the business under item no.5,6,7 & 8, and the relevant details of item no.2 & 3, above pursuant to clause - 49 of the listing agreement are annexed hereto

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Item no.5**

The Board of Directors of the Company appointed Mr. Mahesh N. Kothari as additional Director of the Company under Section 260 of the Companies Act 1956 to hold office up to the date of Annual General Meeting of the Company to be held there after. The Company has received Notices from the shareholders of the Company proposing the candidature of Mr. Mahesh N. Kothari as Director of the Company liable to retire by rotation along with refundable security deposit of Rs.500/-. The Board of Directors requests the Shareholders to reappoint Mr. Mahesh N. Kothari as Director of the Company.

Except Shri Mahesh Kothari the proposed appointee and Mrs. Alka Pandey & Mr. Brijesh Kothari being his relatives no other Directors are concerned or interested in the resolution.

Item no.6

The Board of Directors of the Company appointed Mr. Brijesh M Kothari as additional Director of the Company under Section 260 of the Companies Act 1956 to hold office up to the date of Annual General Meeting of the Company to be held there after . The Company has received Notices from the shareholders of the Company proposing the candidature of Mr. Brijesh M Kothari as Director of the Company liable to retire by rotation along with refundable security deposit of Rs.500/-. The Board of Directors request the Shareholders to reappoint Mr. Brijesh M Kothari as Director of the Company.

Except Shri Brijesh M Kothari the proposed appointee and Mrs. Alka Pandey & Mr. Mahesh N Kothari being his relatives no other Directors are concerned or interested in the resolution.

Item no.7

The Board of Directors of the Company appointed Mr. Sajjan Kumar Sharma as additional Director of the Company under Section 260 of the Companies Act 1956 to hold office up to the date of Annual General Meeting of the Company to be held there after . The Company has received Notices from the shareholders of the Company proposing the candidature of Mr. Sajjan Kumar Sharma as Director of the Company liable to retire by rotation along with refundable security deposit of Rs.500/-. The Board of Directors request the Shareholders to reappoint Mr. Sajjan Kumar Sharma as Director of the Company.

Except Shri Sajjan Kumar Sharma the proposed appointee and Mr. Rajkumar Sharma being his relatives no other Directors are concerned or interested in the resolution.

ALKA SECURITIES LIMITED**Item no.8**

The Board of Directors would like to inform the shareholders that to facilitate the small investors to trade in the shares of the Company it is proposed to sub- divide the face value of the equity shares from Rs.10 paid up to Rs.2 paid up per share. The Board of Directors request the Shareholders to accord their approval for sub- division of the shares of the Company.

None of the Directors of the company are interested in the resolution.

BY ORDER OF THE BOARD
For ALKA SECURITIES LIMITED

ALKA PANDEY
CHAIRPERSON AND MANAGING DIRECTOR

Registered Office:
602, Mangal Murti Complex,
Ashram Road,
Ahmedabad – 380 009.

Date: July 11, 2006

Place: Mumbai

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

(In Pursuance of Clause 49 of the Listing Agreement)

Name	Mr. Rajkumar Sharma	Mr. Anil Kumar Khaitan	Mr. Mahesh M Kothari	Mr. Brijesh M Kothari	Mr. Sajjan Kumar Sharma
Date of Birth	05-07-63	11-02-65	27-11-53	12-06-1976	05-24-70
Date of Appointment	02-02-00	02-02-00	25-04-06	27-05-05	27-12-05
Qualifications	Bcom.	SSC	B.S.C.	M.B.A.	Bcom.
Expertise in specific function areas	15	10	20	3	10
Chairman /Member of committees of the Board of companies of which he is a Director	Alka Broking Limited Veena Pani Investment Trade Pvt. Ltd. Royal Touch Farm Agro (India) Pvt Ltd. Blue Moon Traders Pvt. Ltd.	NIL	M/s. Mahesh Kothari Share & Stock Brokers Pvt Ltd.	M/s/ Mahesh Kothari Share & Stock Brokers Pvt Ltd.	Veena Pani Investment Trade Pvt.Ltd.

BY ORDER OF THE BOARD
For ALKA SECURITIES LIMITED

Mumbai

Date: July 11,2006

ALKA PANDEY
CHAIRPERSON AND MANAGING DIRECTOR

19th ANNUAL REPORT 2005-2006**DIRECTOR'S REPORT****DIRECTOR'S REPORT****TO THE MEMBERS:**

The Directors hereby present the 12th Annual Report of the Company together with the audited statement of accounts for the year ended 31st March 2006.

FINANCIAL RESULTS:

	Year ended 31 st March 2006	Year ended 31 st March 2005
Income from Operation	26,789,882	26,590,405
Total Expenditure	20,726,824	23,139,854
Profit before finance cost, depreciation and tax (Operating Profit)	6,063,058	3,450,551
Finance Cost	2,362,456	621,029
Depreciation Cost	1,674,395	1,241,788
Profit before tax	2,026,207	1,587,734
Provision for Tax- Current	610,000	520,000
- Deferred	541,162	82,119
Profit after Tax	875,045	985,615
Balance brought forward from previous year	3,966,592	2,980,977
Transfer to General Reserve	400,000	0
Profit carried to Balance Sheet	4,441,637	3,966,592

OPERATIONS-REVIEW

The Operational performance of the Company was subdued during the year under review, as the primary area of focus was the Wholesale Debt Market segment in which your company enjoyed market leadership was under tremendous pressure due to rising interest rates and introduction of Negotiated Dealing System. This made the company to re-strategize and diversify into newer product areas requiring capital expenditure.

DIVIDEND

Going forward to tap the newer markets the company is going to need the maximum leverage it can get in the market place and keeping this in mind the company has decided not to make any dividend payouts for the year under review. The company also feels that with the current reserves in place the company would be able to achieve a higher growth in the coming years, which would be beneficial to all its shareholders in the future.

OUTLOOK FOR 2006-07

To tap into newer verticals and newer markets the company also decided to go for a complete overhaul of the technology in place. Now your company is proud to announce that it has all the state of the art technology in place, which will help the company gain a substantial market in the retail as well as institutional broking.

The company has decided to go forward with the motto of "Aiding investors make informed decisions" with that in mind the company has also decided to spend a substantial amount on its

ALKA SECURITIES LIMITED

manpower. A new research group has been set with people having substantial industry exposure and the company is dedicated to setting up in-house education center, which will be generating Wealth Managers for the new Era.

SUBSIDIARIES

Your company desires to offer all the financial products under one roof, keeping this in mind Alka Broking Limited a 92% subsidiary of the company has got membership to the Multi-Commodity Exchange (MCX). We are pleased to inform that this being the first year of existence out of which only six months we were operational in this business the company has managed a turnover of 1,45,39,560 and a net profit of 7,46,395. The Company is also required to disclose in the consolidated Balance Sheet, information in aggregate for each of the subsidiary such as capital, reserves, total assets total liabilities, details of investment, turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend. The accounts of the subsidiary companies and other related detailed information are available to the company and its subsidiary(s) investors seeking such information at any point of time. The annual Accounts of the subsidiary companies are also kept for inspection by any investor at the office of the Company Secretary and the office off the concerned Subsidiary Companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange is presented as a separate section forming part of the Annual Report.

CORPORATE-GOVERNANCE

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditor's certificate on the compliance of Corporate Governance, form part of the Annual Report.

HUMAN RESOURCES

Employee relations continue to be cordial during the year under review and your directors place on record their commendable commitment and teamwork despite all odds and constraints. Training programmes have been continued throughout the Company covering all levels and locations.

The provision of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed to the Directors Report.

FIXED-DEPOSITS

During the period under review, the Company has not received any deposits from the Public pursuant to Section 58- A of the Company Act, 1956.

LISTING

The Equity Shares of your Company are listed on The Stock Exchange, Mumbai. Listing fees to the Stock Exchanges have been paid for the year 2005-06.

OR'S REPORT**DIRECTORS**

Pursuant to the provisions of Section 260 of the Company Act, 1956 and the Articles of Association of the Company Mr. Brijesh Kothari and Mr. Sajjan Kumar Sharma were appointed as Additional directors of the Company. Mr. Mahendra Pandey resigned during the year for personal reasons. The Board wish to place on records its sincere thanks and appreciation for services rendered by Mr. Mahendra Pandey in this capacity as Director during his tenure.

The Company has received notices in writing from members pursuant to Section 257 of the Companies Act, 1956 signifying their intention to propose the appointment of Mr. Mahesh Kothari as directors of the Company at the forthcoming Annual General Meeting.

Mr. Rajkumar Sharma and Anil Kumar Khetan retires by rotation at the Annual General Meeting and being eligible, offers them for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management, confirm:-

- (a.) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (b.) that 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 affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c.) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d.) that they have prepared the annual accounts on a going concern

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, your directors provide the audited Financial Statement in the Annual Report.

AUDITORS

The Auditors Messrs. B.N. Kedia & Co., Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and are eligible for reappointment. Your Directors propose the appointment of M/s. B.N. Kedia & Co., Chartered Accountants, Mumbai Auditors to hold office until the conclusion of the next Annual General Meeting of the Company. The Board commends the Resolution No. 6 of the Notice to the Members.

ALKA SECURITIES LIMITED**CONVERATION OF ENGERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARINGS AND OUTGO.**

Company takes adequate steps to avoid wasteful consumption and conservation of energy. The Company does not require any technology for its existing business. There were no Earnings and Outgo in Foreign Exchange.

ACKNOWLEDGEMENTS

Your Directors thank the Company's clientele, vendors, investors and bankers for their continued support during the year. Your Directors place on record their appreciation of the excellent contribution made by employees at all levels.

FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS

ALKA M PANDEY
CHAIRPERSON

Place :- Mumbai
Date :- July 11, 2006

