

ALKA SECURITIES LIMITED



14th Annual Report

2007 – 2008

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CORPORATE INFORMATION

Board of Directors

Mrs. Alka Pandey	:	Chairperson and Managing Director
Mr. Brijesh Kothari	:	Executive Director
Mr. Ashok Shukla	:	Non Executive Independent Director
Mr. Rajkumar Sharma	:	Non Executive Independent Director
Mr. Gopaldas Chaudhary	:	Non Executive Independent Director
Registered Office	:	203, Anupam Building, Dadabhai Cross Road No.2, Andheri (west), Mumbai – 400 053.
Corporate Office	:	Heera Building 2 nd Floor, Mint Road Fort, Mumbai- 400 001.
Offices	:	11, Shree Palace, 1 st Floor, Daulat Nagar Road No. 3 Borivali (East), Mumbai- 400 066.
Statutory Auditors	:	M/s. B.N. Kedia & Co. Chartered Accountants
Principal Bankers	:	Bank of India
Share Transfer Agents	:	M/s.Purva Sharegistry (India) Pvt. Ltd. 9, Shivshakti Industrial Estate, J. R. Borisa Marg, Sitaram Mills Compound, Lower Parel (E), Mumbai – 400 011.
Stock Exchange Where Company's Securities are Listed	:	Bombay Stock Exchange Limited Mumbai
Web Site	:	www. alkasecurities.com

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of **ALKA SECURITIES LIMITED** will be held at Registered office of the Company at 203, Anupam Building, Dadabhai Cross Road No.2, Andheri (W), Mumbai – 400 053 on Tuesday, 25th September 2008 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 2008 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 declare dividend on equity shares.
3. To appoint a Director in place of Shri Raj kumar Sharma 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. Ashok Shukla, who was appointed by the Board of Directors as an Additional Director of the Company effective from 25th March 2008 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice from a member under section 257 of The Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”
6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :
“RESOLVED THAT Mr. Gopaldas Chaudhary, who was appointed by the Board of Directors as an Additional Director of the Company effective from 16th May 2008 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice from a member under section 257 of The Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

BY ORDER OF THE BOARD
 For ALKA SECURITIES LIMITED

ALKA PANDEY
CHAIRPERSON & MANAGING DIRECTOR

Registered Office:

203, Anupam Building,
 Dadabhai Cross Road No.2
 Andheri (W), Mumbai – 400 053

Date: Aug 20, 2008

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 22nd September 2008 to 25th September 2008 (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, and the relevant details of item no. 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**

At the meeting of the Board of Directors held on 25th March 2008, Mr. Ashok Shukla was appointed as an Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as “the Act”) read with Article 134 of the Articles of Association of the Company, Mr. Ashok Shukla holds office up to the date of the forthcoming Annual General Meeting of the Company.

A notice has been received from a shareholder under section 257 of the Act along with requisite deposit signifying intention to propose Mr. Ashok Shukla as a candidate for appointment as a Director.

The Directors consider that the services of Mr. Ashok Shukla shall be useful to the company and recommend he be appointed as Director of the Company. Mr Ashok Shukla does not holds any shares of the Company.

Mr. Ashok Shukla is interested in the resolution at item no. 4 of the Notice since it relates to his appointment. None of the other Directors are interested in the said resolution.

Item no. 6

At the meeting of the Board of Directors held on 16th May 2008, Mr. Gopaldas Chaudhary was appointed as an Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as “the Act”) read with Article 134 of the Articles of Association of the Company, Mr. Gopaldas Chaudhary holds office up to the date of the forthcoming Annual General Meeting of the Company.

A notice has been received from a shareholder under section 257 of the Act along with requisite deposit signifying intention to propose Mr. Gopaldas Chaudhary as a candidate for appointment as a Director.

The Directors consider that the services of Mr. Gopaldas Chaudhary shall be useful to the company and recommend he be appointed as Director of the Company. Mr Gopaldas Chaudhary does not holds any shares of the Company.

Mr. Gopaldas Chaudhary is interested in the resolution at item no. 5 of the Notice since it relates to his appointment.

BY ORDER OF THE BOARD
For ALKA SECURITIES LIMITED



ALKA PANDEY
CHAIRPERSON AND MANAGING DIRECTOR

Registered Office:

203, Anupam Building,
Dadabhai Cross Road No.2
Andheri (w), Mumbai – 400 053

Date: Aug 20, 2008

Place: Mumbai

DETAILS OF DIRECTORS RETIRING AND SEEKING REAPPOINTMENT
(In Pursuance of Clause 49 of the Listing Agreement)

I. Name	: Mr. Raj Kumar Sharma
Date of Birth	: 5 th July 1963
Qualification	: B. Com
Experience in Specific Functional Area	: Rich experience in the field of Capital Market and General Administration.
Directorship in other Companies	: M/s Alka Broking Ltd M/s Veenapani Investments Private Limited M/s Royal Touch Farm Agro (India) Pvt Ltd M/s Blue Moon Traders Pvt Ltd
Committee Positions held In other companies	: NIL

2. Name : Mr. Ashok Shukla
Date of Birth : 17th September 1957
Qualification : Non Graduate
Experience in Specific Functional Area : Experience of Commerce & Business administration.

Directorship in other Companies : M/s Girdhar Developers Pvt Ltd
M/s Mars Housing Complex Pvt Ltd
M/s Rajawali Development Pvt Ltd
M/s Sudhagadh Infradevelopers Pvt Ltd
M/s M. S Mines & Minerals Pvt Ltd
M/s M. S Combines Pvt Ltd
M/s Ranchod Developers Pvt Ltd
M/s Sudhagadh Vally Resorts Pvt Ltd
M/s M. S Agrotech Pvt Ltd
M/s M. S Industrial Corporation (India) Pvt Ltd
M/s M. S Infraconstruction (India) Pvt Ltd
M/s Mohnish Developers Pvt Ltd

Committee Positions held
In other companies : NIL

3. Name : Mr. Gopaldas Chaudhary

Date of Birth : 4th November 1954

Qualification : F. C. A., L.L.B (Gen)

Experience in Specific Functional Area : Rich experience in the field of Finance & Accounts and Business Administration.

Directorship in other Companies : NIL

Committee Positions held
In other companies : NIL

Mumbai
Date: Aug 20, 2008

BY ORDER OF THE BOARD
For ALKA SECURITIES LIMITED

ALKA PANDEY
CHAIRPERSON AND MANAGING DIRECTOR

MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW:

The Company is into Stock Broking and is a member of National Stock Exchange (NSE). Company operates in Capital Market – Cash Segment, Future & Options (F & O) segment and Whole Sale Debt Market (WDM). During the year though economy grew with pace but at the same time increasing inflation rate was a cause of concern. Capital Market remained robust throughout except in last quarter of the year, when a steep fall happened. This created some nervousness in Investor community and affected the business adversely. Same trend is expected to continue for a year or so. The estimates and judgements relating to the financial statements have been made on a prudent basis so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year.

BUSINESS ENVIRONMENT:

Capital market performance was very good till end of calendar year but was marred by various factors which resulted in steep fall in the month of January 2008. Investor sentiments in general remains cautious and is expected to remain so as there does not seem any reversal in trend in near future. Present scenario also looks uncertain due to international factors and business and economical situation.

PERFORMANCE:

The company's performance during the year ended 31st March, 2008 was as under:

	2007 – 08	2006 – 07
Income From Operations (Rs. in Lacs)	458.66	266.15
Operating Expenses (Rs. in Lacs)	76.44	27.65
Employee Cost (Rs. in Lacs)	91.66	95.96
Administrative Expenses (Rs. in Lacs)	110.57	95.04
Financial Charges (Rs. in Lacs)	35.64	16.07
Depreciation (Rs. in Lacs)	28.90	21.77
Profit Before Taxation (Rs. in Lacs)	199.87	44.42

Income from operations mainly consists of brokerage from Equity Market, WDM and Commission from Mutual fund distribution. Income has shown increase, as during the year, Future & Options (F & O) segment which was started in the last year was operational throughout the year which has contributed to the revenue. Also during the year major thrust was given to Mutual Fund Distribution which has added substantially to the income of the company.

INTERNAL CONTROL & ADEQUACY:

The company has proper & adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. Your Company also ensures that transactions are authorized, recorded and reported correctly. As a step further, your company has already taken steps to document its systems and processes.

RISKS MANAGEMENT SYSTEM:

We manage the risks associated with our broking operations through the use of internally developed credit algorithms implemented through fully automated risk management software and selective direct monitoring of certain operating parameters. Our automated risk management procedures rely primarily on internally developed risk management system. We manage our business risk through strict compliance and internal checks. We have a well-managed internal audit and internal control system working along with the external audit performing checks at regular intervals to identify any discrepancies and rectify at the earliest.

OPPORTUNITIES:

The introduction of new financial instruments such Currency Derivatives and Energy Futures will open new avenues for business. Though volume in financial markets has increased manifold but still overall participation is very low which is an area of opportunity to tap with. There is also substantial scope for expanding our institutional presence in the equities broking business as its contribution is currently much lower than that of some of our major competitors. We can also substantially expand our business by going in for retail clientele as till date our major aim was on high net worth clients and offer wealth management solutions.

RISK AND CONCERNS:

Our company has a diversified source of income such as Capital Market, Future & Options Segment, Fixed Income Group and Mutual Fund Distribution, still economic slowdown, increase in interest rate, political instability remain key concerns. Our business continues to remain linked with the economic performance of the country. Company's performance shall be affected if Stock Markets were to decline sharply. Increased competition also is a cause of concern. Availability and retention of manpower is also a key considering the growing number of opportunity and increasing number of players in this field.

OUTLOOK:

The Indian economy has its own strengths and it has sound fundamentals. Growth in overall sector is continuous and sustainable. Irrespective of the international turmoil of financial sector our economy has shown the soundness and sustainability against all odds. This will regain faith in the international community and will bring them back once the worst is over, which in turn will bring the things in right perspective. We have technology platform at par with other players in the field and efficient risk management system. This, coupled with our growing geographical reach, should allow us to maintain our superior service delivery standards and improve selling of financial products and services to the investor fraternity. The new segment i.e. Retail which is being given thrust in the year shall certainly add to the revenue of the company.

HUMAN RESOURCE:

Our people are our key assets of the organization. Skilled and talented manpower is the base for our services and quality of the services. Company follows the policy of "OWN YOUR DEPARTMENT POLICY", where we give freedom to the employee to work as if he is the owner of his department. Our highly motivated work force work towards providing a quality service and adding to the growth of the company. Company provides on the job training to the employees, where management personnel and senior executives train the junior executives and new appointees. Regular meetings are held with the personnel of all departments to share with each other their thoughts and suggestions for betterment of the processes and work lines.

CAUTIONARY STATEMENT:

The statements made in this report describe the Company's objectives and projections that may be forward looking statements within the meaning of applicable securities laws and regulations. The actual results might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors, which are beyond the control of the Company.

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DIRECTOR'S REPORT

TO THE MEMBERS:

1. The Directors hereby present the 14th Annual Report of the Company together with the audited statement of accounts for the year ended 31st March 2008.

2. FINANCIAL RESULTS:

	Year ended 31 st March 2008	Year ended 31 st March 2007
Income from Operation	54,309,538	30,094,648
Total Expenditure	27,867,315	21,866,194
Profit before finance cost, depreciation and tax (Operating Profit)	26,442,223	8,228,454
Finance Cost	3,564,350	1,607,813
Depreciation Cost	2,890,159	2,177,686
Profit before tax	19,987,714	4,442,955
Provision for Tax- Current	4,000,000	900,000
- Dividend Tax	1,069,584	0
- Deferred	122,442	23,622
Profit after Tax	14,795,688	3,519,333
Balance brought forward from previous year	7,460,970	4,441,637
Transfer to General Reserve	739,800	500,000
Proposed Dividend	6,922,875	0
Profit carried to Balance Sheet	14,593,983	7,460,970

3. OPERATIONS REVIEW:

During the year under review your company's performance has improved substantially. This was backed by the revenue from Mutual Fund Distribution business, Future & Options Segment which was started last year and in current year significant amount was added by this segment in company's revenue. Wholesale Debt Market (WDM) segment has managed to maintain its past years performance to a certain extent.

Your company has decided to go into retail segment and have given significant attention to this segment. As till the year our main concentration was on Institutional and High Net worth Individuals. Even though the Capital Market is going through a rough phase your Directors are confident that various steps taken will bring good result for the company and the performance of the Company will continue to improve in the coming year.

4. DIVIDEND:

Your directors recommend a dividend of 7.50% on Equity Shares of the Company for the year under consideration.

5. FIXED DEPOSIT:

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

6. SUBSIDIARIES:

Alka Broking Limited (ABL) continues to remain 100% subsidiary of the company. ABL is a member of Multi Commodity Exchange (MCX). During the year under consideration your company has invested Rs.10 lac in the subsidiary by subscribing to its Equity Shares. In accordance with Section 212 of the Companies Act, 1956, the detailed Accounts and the Directors Report of the Subsidiary, forms part of the Annual Report of the Company.

7. 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 2007 - 08.

8. DIRECTORS:

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

During the year Mr. Mahesh N Kothari & Mr. Anil Kumar Khetan Resigned from the Board. Board of Directors wish to thank them for their valuable input and contribution to the company during their tenure. Mr. Ashok Shukla joined the Board during the year.

9. 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

10. 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.

11. AUDITORS:

The Auditors M/s. B. N. Kedia & Co, Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and have informed the Board about their inability to continue as Auditors due to their some other commitments. Board of Directors would like to place on record appreciation for their valuable input. Your Directors propose the appointment of M/s. B. M. Gattani & Co., Chartered Accountants, Mumbai auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

12. 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.

13. PARTICULARS OF EMPLOYEY:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules 1975, as amended, there are no employee whose details to be reported under this section.

14. EMPLOYEE STOCK OPTION SCHEME:

During last year company has introduced ESOP Scheme for allotting warrants to the employees. Under the Scheme company has reserved 25,00,000 Equity Shares to be issued to the employees under the Scheme. During the year under consideration no options were granted.

15. REPORT ON 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.

16. 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 :- Aug 20, 2008