

ALKA SECURITIES LIMITED



13th Annual Report

2006 – 2007

CORPORATE INFORMATION

Board of Directors

Mrs. Alka Pandey	:	Chairperson and Managing Director
Mr. Brijesh Kothari	:	Executive Director
Mr. Mahesh N. Kothari	:	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
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
Secretarial Auditors	:	DKM & Associates Company Secretaries
Principal Bankers	:	Bank of India
Share Transfer Agents	:	M/s.Purva Sharegistry (India) Pvt. Ltd. 33, Printing House, 28-D, Police Court Lane, Behind Old handloom House, Fort, Mumbai – 400 001.
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, 11th September 2007 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 2007 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 Sajjan kumar Sharma who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Brijesh Kothari 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 pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the company be increased from Rs.11,00,00,000/- (Rupees Eleven Crore Only) divided into 5,50,00,000 (Five Crore Fifty Lacs only) Equity Shares of Rs.2/- (Rupees Two Only) each to Rs.20,00,00,000/- (Rupees Twenty Crores only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.2/- (Rupees Two only) each”.

“FURTHER RESOLVED that the clause V of the Memorandum of Association of the Company be altered as follows:

“The Authorised Share Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.2/- (Rupees Two only) each”.

“RESOLVED FURTHER that the article no.2 of the Articles of Association of the company be altered as follows:

“The Authorised Share Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.2/- (Rupees Two only) each”.

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as **Special Resolution**

“Resolved that pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification (s) or re – enactments thereof, for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 2000, the Listing Agreement entered into by the Company with the Stock Exchange where the Shares of the Company are listed and the prevailing Statutory guidelines and subject to the approval of the Financial Institutions (FIs), Securities Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to that conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (here in after referred to as Board) and/or duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to create, issue, offer or allot either at par or at premium (issue price being not less than the price arrived at, in accordance with the terms of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000), either in for cash or for consideration other than cash or in satisfaction of a genuine debt, as may be deemed most appropriate by the Board, equity shares and/or convertible warrants (fully or partly) and/or, all or any of the aforesaid with or without detachable or non detachable warrants and/or warrants of any nature and/or secured premium notes, and/or Floating Rate Notes/Bonds and/or any other financial instruments (herein after for brevity's sake referred to as “Securities”) to be subscribed with in rupees/foreign currency(ies) as the Board at its sole discretion may at any time or times hereinafter



decide which Securities when issued or allotted would ultimately result in an increase in the paid up Equity Share capital of the Company up to an amount not exceeding Rs.2 crores in addition to the existing paid up capital of Rs.10 crores, to the existing members of the Company and/or promoter group members (which term shall include Directors, Promoter Directors, their families, relatives, friends and associates) and/or non promoters and/or strategic investors and/or Financial Institutions/Banks either directly or through conversion of existing loans and/or interest in such loans whether resident in India (individuals as well as bodies corporate) or non resident Indians, Overseas Corporate Bodies (OCBs), Mutual Funds, Debenture holders, Employees, Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons whether through public issue, rights issue, private placements, exchange of securities, conversion of loans or otherwise and for general corporate purposes including Capital expenditures, working capital requirements, strategic investments, any mergers, amalgamations, acquisitions, reconstructions or arrangements or any other re-organization as the Board may deem fit and/or by any one or more or a combination of the above modes methods or otherwise and in one or more tranches, with or without vesting rights in General Meetings/Class Meetings of the Company as may be permitted under the prevailing laws at such price or prices, or in such manner as the Board or Committee thereof may on its absolute discretion think fit in consultation with the lead managers, underwriters, advisors and such other persons and on such terms and conditions including the number of Securities to be issued, face value, premium, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity shares to be allotted on conversion/redemption/extinguishment of debts, exercise of rights attached with warrants, the ratio of exchange of shares and/or warrants and/or any other financial instruments, period of conversion fixing the record date or book closure and related or incidental matters”.

“**RESOLVED FURTHER** that in the event of issue of equity shares and/or convertible warrants and/or any securities through preferential allotment, the relevant date for this purpose will be 11th August 2007 as per the provisions of SEBI (Disclosure and Investor Protection) Guideline 2000”.

“**RESOLVED FURTHER** that such of these Securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof, to such persons and in such manner and on such terms as the Board or the Committee may in its all absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide”.

“**RESOLVED FURTHER** that for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds of issue of the securities and further to do all such acts, deeds, matters and things in respect of appointment of lead managers, registers, bankers, trustees, agents, lenders, brokers and underwriters and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit”.

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Special Resolution**

“**RESOLVED THAT** in accordance with the provisions contained in the Articles of Association and Sections 79A, 81 and all other applicable provisions of the Companies Act, 1956 (“the Act”) and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, under a Scheme titled “Employee Stock Option Plan”(hereinafter referred to as the “ESOP” or “Scheme” or “Plan”) such number of equity shares and/or equity linked instruments (including Options), and/or any other instruments or securities (hereinafter collectively referred to as “Securities”) of the Company which could give rise to the issue of equity shares not exceeding 5% of the issued Equity Share Capital of the Company on 31st March, 2007, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time;



RESOLVED FURTHER THAT the said Securities may be allotted directly to such employees/directors or in accordance with a Scheme framed in that behalf through a trust which may be setup in any permissible manner and that the scheme may also envisage for providing any financial assistance to the trust to enable the employee/trust to acquire, purchase or subscribe to the securities of the Company;

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company; except that they shall be entitled for dividend on pro-rata basis from the date of allotment till the end of the relevant financial year in which the new Equity Shares are allotted;

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

8. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Special Resolution**

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81 and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) consent of the Company be and is hereby accorded to the Board to extend the benefits of Employees Stock Option Plan proposed in the resolution under Item no. 7 in this Notice to the eligible employees/directors of the holding/subsidiary companies, and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."



BY ORDER OF THE BOARD
For ALKA SECURITIES LIMITED

A. Pandey
ALKA PANDEY
CHAIRPERSON MANAGING DIRECTOR

Registered Office:

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

Date: July 14, 2007

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 September 2007 to 11th September 2007 (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, 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

At Present the Authorised Share Capital of the Company stands at Rs.11,00,00,000/- (Rupees Eleven Crores only) divided into 5,50,00,000 (Five Crore Fifty Lac) Equity Shares of Rs.2/- (Rupees Two only) each.

With the growing requirement of funds for meeting part of working capital requirements and for part – financing capital expenditure programme in view of increased level of operations, it has been decided to make preferential issue of equity shares/convertible warrants to promoter group and/or non promoters. Further company wishes to issue shares/warrants to its employees under the Employees Stock Option Plan. The present authorised capital is not sufficient to meet the proposed issue of share capital. Therefore, it is considered necessary to increase the present authorised share capital from Rs.11 crores to Rs.20 crores, by creation of 4,50,00,000 equity shares of Rs.2/- each which shall rank pari passu with the existing equity shares of the Company.

Consequent upon the increase in Authorised Capital of the Company, its Memorandum and Articles of Association will require alteration so as to reflect the increase in share capital.

None of the Directors of the Company is concerned or interested in the above resolution except to the extent of their holding of equity shares in the Company.

Item no.6

To part finance the capital expenditure of the Company and to part finance the working capital requirements, it is proposed to create, issue, offer, allot equity shares and/or warrants compulsorily convertible into equity shares at a later date and/or any other financial instruments compulsorily convertible into equity shares at a later date, as may be decided by the Board either through rights or through preferential allotment either to the existing members of the Company, to the promoter group (which term shall include Directors, promoter Director, their families, relatives, friends and associates) and/or non promoters, strategic investors, whether resident in India (individuals as well as bodies corporates) or Non Resident Indians, Financial Institutions (FIs), Banks, Overseas Corporate Bodies, Mutual Funds, Debenture holders, Employees, Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through rights issue, private placement, preferential allotment, exchange of securities, conversion of loans or otherwise and/or in one or more combination(s). Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said Section, unless the shareholders decide otherwise in a general meeting. The listing agreement with the stock exchange also provide, inter alia, that the Company in first instance should offer all the shares and debentures to be further issued for subscription pro rata to the equity shareholders unless the shareholders decide otherwise in a general meeting.

The consent of the shareholders is therefore being sought to the provisions of Section 81 (1A), SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the listing agreements entered into with the Stock Exchanges, authorizing the Board to raise additional capital by further issue of equity shares and/or financial instruments compulsorily convertible into equity shares at later date in such manner or on such terms as the Board may deem fit in the manner proposed in the Resolution.

Disclosure under clause 13.1A of SEBI (Disclosure and Investor Protection) Guidelines, 2000, regarding proposed issue and allotment of equity shares and/or compulsorily convertible warrants as preferential allotment:

a) Objects of the issue through preferential offer:

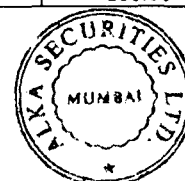
The issue and allotment of equity shares and/or warrants and/or any financial instruments compulsorily convertible into equity shares, as preferential allotment is proposed to raise the funds for meeting part of working capital requirements and for part – financing capital expenditure programme in view of increased level of operations.

b) Intention of promoters/directors/others to subscribe to the offer:

The promoter directors, their associates and others are not intending to subscribe to the offer.

c) Shareholding pattern before and after the preferential offer:

S. No	Category	PRE ISSUE		POST ISSUE	
		No of shares Held	% age of Holding	No of shares Held	% age of Holding
01.	Promoters	2,54,38,489	50.88	2,54,38,489	42.39
02.	Non – promoters	2,45,61,511	49.12	3,45,61,511	57.61
	TOTAL	5,00,00,000	100.00	6,00,00,000	100.00



d) Proposed time limit within which the allotment shall be complete:

The allotment of shares and/or warrants and/or any financial instruments compulsorily convertible into equity shares, will be completed within a period of 15 days from 11th September 2007, being date on which shareholders sanction is obtained for preferential allotment in the general meeting, as per section 81 (1A) of the Companies Act, 1956 or within fifteen days from the date of approval for such allotment by any Regulatory Authority or the Central Government, whichever is later. Therefore, a special resolution is set out in the Notice for approval of the shareholders. The pricing of issue of equity shares will be arrived at as per Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and Auditors' Certificate as to the issue price will be made available for the inspection of members at the registered office of the Company at 203, Anupam Building, Dadabhai Cross Road, Andheri (W), Mumbai – 400 053 during working hours from 11th August 2007 to 11th September 2007.

e) The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:

Shares and/or warrants compulsorily convertible into equity shares shall be issued to Financial Institutions/Banks and/or others. There shall be an addition of 1,00,00,000 equity shares on conversion of Share warrants. This 1,00,00,000 shares shall be held by these allottees and percentage of shares post issue held by them shall be 16.67% of the total issued capital post issue.

Post Issue Share Capital: The paid up capital will be increased from Rs.10,00,00,000/- consisting of 5,00,00,000 equity shares of Rs.2/- each to Rs.12,00,00,000/- consisting of 6,00,00,000 equity shares of Rs.2/- each inclusive of equity shares to be issued and allotted on conversion of warrants in accordance with the preferential issue guideline under SEBI (Disclosure and Investor Protection) Guidelines, 2000. Therefore, for the purpose of arriving at shares to be held by the proposed allottees, the aggregate of the existing share capital, share capital arising out of proposed allotment of equity shares through the preferential issue on conversion of warrants has been taken into account, as post issue share capital, as per the details given below:

No. of Shares of Rs.2/- each	
1. Existing Equity Share Capital	5,00,00,000
2. Equity Shares proposed to be allotted (Fully paid up) (including shares to be allotted on conversion of warrants)	1,00,00,000
POST ISSUE EQUITY SHARE CAPITAL	6,00,00,000

f) Change in the Control or composition of the Board:

There will neither be any change in the composition of the Board nor any change in the control of the company on account of the proposed preferential allotment. However there will be corresponding change in shareholding pattern as well as voting rights consequent to preferential allotment.

Your Directors recommend the resolution for your approval.

None of the directors of the Company is concerned or interested in the proposed resolution except to the extent of his/her holding of equity shares to the extent of his/her subscribing to equity shares.

Item no.7

The steady growth of the Company over the past years has, in large measure, been possible owing to the wholehearted support, commitment and team work of its personnel. The Company has been desirous of finding means to allow its personnel to participate in its growth, through an appropriate mechanism. Stock Options have long been recognized internationally, as an effective instrument, to align the interest of employees with those of the Company, and its shareholders, provide an opportunity to employees to share in the growth of the Company, and create long term wealth in the hands of the employees. Stock Options create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholder value. Stock Options provide for tax-efficient, performance linked rewards to employees, and serve as an important means, to attract, retain and motivate the best available talent for the Company.

From the Company's perspective, Stock Options also provide an opportunity to optimise personnel costs, by allowing for an additional, market-driven, mechanism to attract, retain, compensate and reward employees. The Company proposes to introduce the following Stock Option schemes for the benefit of permanent employees of the Company, its Directors, and such other persons/entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations.

Stock Options: Under this scheme, employees will be given an option to acquire a certain number of shares of the face value of Rs. 2/- each, at the price as mentioned hereinafter.

Applicable to the Scheme:

The Company will constitute an ESOP Compensation Committee, which will be a Committee of the Board of Directors, and will consist of a majority of independent Directors, for administration and superintendence of the ESOP. The ESOP Compensation Committee will formulate the detailed terms and conditions of the ESOP. The ESOP Compensation Committee will, specify, inter alia, the following:



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- quantum of options to be granted to any employee, and in aggregate
- conditions under which options vested in employees may lapse
- time period within which an employee may exercise vested options in the event of termination or resignation
- rights of an employee to exercise all the vested options at one time or at various points of time within the exercise period
- procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions, or otherwise
- procedure and mechanism for cashless exercise of options
- lock-in period for the shares issued pursuant to exercise of the options
- any other related or incidental matters.

The following is the explanatory statement which sets out the various disclosures as required by Clause 6 of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the ESOP Guidelines).

The salient features of the ESOP are as under:-

(a) The total number of options to be granted

The total number of Options that may, in the aggregate, be issued, under both the schemes:

Up to 5% of the issued equity share capital of the Company as of 31st March, 2007 i.e. 5% of 5,00,00,000 equity shares.

(b) Identification of classes of employees entitled to participate in the ESOP

Persons who are "employees" of the Company, including Directors, as defined in the ESOP Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the ESOP Compensation Committee, from time to time. Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the ESOP.

Employees will be granted Stock Option based on performance, and such other parameters as may be decided by the ESOP Compensation Committee, in its discretion, from time to time. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(c) Requirements of vesting and period of vesting

Vesting of options may commence after a period of 1 year from the date of grant, and may extend up to 5 years from the date of grant. The vesting may occur in trenches, subject to the terms and conditions of vesting, as may be stipulated by the ESOP Compensation Committee, in its discretion, and which will include performance appraisal of the employee.

(d) Exercise Price or Pricing Formula

The exercise price will be Rs.5/- per share for the purposes of the grant of options.

(e) Exercise Period and the process of Exercise

The exercise period may commence from the date of vesting, and will expire not later than 7 years from the date of grant of options, or such other period as may be decided by the ESOP Compensation Committee, from time to time.

The Options will be exercisable by the Employees by a written application to the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the ESOP Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

(f) Appraisal Process for determining the eligibility of employees to ESOP

The appraisal process for determining the eligibility of the employee will be specified by the ESOP Compensation Committee, and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee, and/or any such other criteria that may be determined by the ESOP Compensation Committee at its sole discretion.

(g) Maximum number of options to be issued per employee and in aggregate

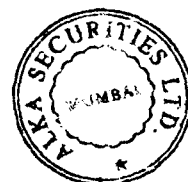
The maximum number of Options granted per employee will not exceed 3,75,000 shares (i.e. approx. 0.75% of the issued and outstanding equity shares of the Company as on 31st March, 2007). The aggregate of all such grants shall not exceed 5% of the issued and outstanding equity shares of the Company as on 31st March, 2007.

The Company will conform to the accounting policies specified in Clause 13.1 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and/or such other guidelines as may be applicable, from time to time. As the Scheme will entail further shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act, and as per the requirement of clause 6 of the Guidelines.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the Schemes. Your Directors, therefore, recommend the resolution to be passed as a Special Resolution by the members.

Item No. 8.

As per the SEBI Guidelines, a separate resolution is required to be passed if the benefits of ESOP are to be extended to employees of the subsidiary or holding company. This separate Resolution is being proposed accordingly; to cover those employees, and/or such other persons as may be permitted from time to time, under prevailing laws, rules and



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regulations, and/or amendments thereto from time to time. This may be read with explanatory statement for Item No. 7.

None of the Directors is interested in this resolution. Your Directors commend the resolution for your approval.

BY ORDER OF THE BOARD
For ALKA SECURITIES LIMITED

Alka Pandey
ALKA PANDEY

CHAIRPERSON AND MANAGING DIRECTOR

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

Date: July 14, 2007
Place: Mumbai

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

1. Name : Mr. Brijesh Kothari

Date of Birth : 6th December 1976

Qualification : M. B. A.

Experience in Specific Functional Area : 4 years of experience in the field of Capital Market and Financial Product sector.

Directorship in other Companies : M/s Mahesh Kothari Share & Stock Brokers Pvt Ltd

Committee Positions held
In other companies : NIL

2. Name : Mr. Sajjan Kumar Sharma

Date of Birth : 24th May 1970

Qualification : B. Com

Experience in Specific Functional Area : 11 years of experience in the field of Commerce and Business administration.

Directorship in other Companies : M/s Veenapani Investment Trade Pvt Ltd

Committee Positions held
In other companies : NIL

Mumbai
Date: July 14, 2007



BY ORDER OF THE BOARD
For ALKA SECURITIES LIMITED

Alka Pandey
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 was operating in Capital Market – Cash Segment and Whole Sale Debt Market (WDM). In the current year it has also started operations in the Future & Options (F & O) segment. This will increase the overall volume of the Company.

During the year economy growth was very encouraging. Capital market also has showed a steady growth. It continues to look strong and so in future. India story continues to drive growth in overall sectors well supported by the capital market. This growth and continued positive trend holds a tremendous opportunities for growth. 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 continues to remain strong and is maintaining a steady growth. This has increased the confidence of the investor community both domestic as well as international. This holds a good prospect for volume and earnings for the broking houses.

PERFORMANCE:

The company's performance during the year ended 31st March, 2007 was as under:

	2006 – 07	2005 – 06
Income From Operations (Rs. in Lacs)	266.15	265.78
Operating Expenses (Rs. in Lacs)	27.65	39.49
Employee Cost (Rs. in Lacs)	95.96	98.66
Administrative Expenses (Rs. in Lacs)	95.04	69.10
Financial Charges (Rs. in Lacs)	16.07	23.62
Depreciation (Rs. in Lacs)	21.77	16.74
Profit Before Taxation (Rs. in Lacs)	44.42	20.26

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 company has also started Future & Options (F & O) segment of NSE which is the major volume driver. During the year this will add a substantial amount when this segment will be operational full year. In current year's income, only 2 months revenue from F & O segment is included as it was started in the month of February 2007. In the coming year this new segment will be a major contributor in company's income.

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 booming financial services sector presents a huge growth potential for our various businesses. The low penetration levels of equity, insurance, mutual funds and other financial service products presents an opportunity for us. 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.

