ALKA SECURITIES LIMITED

17th Annual Report

2010 – 2011

CORPORATE INFORMATION

Board of Directors

Mrs. Alka Pandey	:	Chairperson and Managing Director
Mr.Mahendra pandey	:	Executive Director
Mr.Tejas Pandey	:	Non Executive Independent Director
Mr. Gopaldas Chaudhary	:	Non Executive Independent Director
Mr. Dinesh Kumar Bohra	:	Non Executive Independent Director

Registered Office	:	"Maitri", Plot No.10, Road No.10, JVPD Scheme, Juhu Vile Parle (W), Mumbai – 400 049.
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

MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW:

The Company's primary business is stock broking and it is a member of the National Stock Exchange. The Company operates in the Capital Market, Futures & Options Segment, Whole Sale Debt Market Segment and the Currency Derivative Segment.

2011-12 was a challenging year from the company. The SEBI had initiated its investigation against the promoters for non-compliance during changes in majority shareholding. The promoters and The Company have been restricted from trading in the securities market up to December 2011. SEBI has also restricted the Company from accepting new clients. This coupled with the bleak outlook in the Broking business has severely restricted our growth and performance.

The Company however remains committed to the Broking business and its investors and has exciting projects in the pipeline which will be pursued with full vigor once market conditions improve. In the meanwhile, The Company is exploring other business avenues and investing in ventures which look to mature in 6-12 months

BUSINESS ENVIRONMENT:

2010-11 was a difficult year for the broking sector and we do not expect conditions to improve in 2011-12. The Company is looking to reduce it's exposure to the broking sector and plans on entering other business in finance and technology. The broking business will be moved to a subsidiary company and The Company will focus it's energies on expanding horizons and rapidly expanding other promising fields.

PERFORMANCE

The company's performance during the year ended 31st March, 2011 was as under:

	2010-11 (Rs. In Lacs)	2009-10 (Rs. In Lacs)
Income From Operations	68.32	234.26
Operating Expenses	2.69	9.94
Employee Cost	27.24	68.5
Administrative Expenses	43.25	105.66
Financial Charges	61.46	92.34
Depreciation	19.36	33.62
Profit Before Taxation	(9.27)	85.88

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 Company is looking at opportunities in the short term that offer quick growth and steady cash flows and is looking to establish the framework that will allow the exploitation of opportunities that will arise in the long term. The Company sees short term opportunities in the internet and consumer services business and a long term opportunity in low cost and micro finance and broking services.

RISK AND CONCERNS:

Our company has a diversified source of income such as Capital Market, Futures & 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 global economy seems to be weak and another recession is very likely given the current circumstances. The Company expects inflation to remain a primary concern and impediment to growth. Established sectors in India have high entry barriers and will continue to remain so, however, even during a period of recession, The Company forecasts the maturing of the consumer oriented online services industry.

HUMAN RESOURCE:

The Company believes in a strong and motivated workforce complimented by an efficient and horizontally integrated work structure. An informal working environment allows managers and team members to interact regularly. Managers constantly encourage and reward innovation in the workspace and value all round development and competency in employees. Employees are also encouraged to train and develop skills other than their core qualifications which let's them develop as individuals.

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.

DIRECTOR'S REPORT

TO THE MEMBERS:

1. The Directors hereby present the 17th Annual Report of the Company together with the audited statement of accounts for the year ended 31st March 2011

2. FINANCIAL RESULTS:

	Year ended 31st March 2011 (Rs. In Lacs)	Year ended 31st March 2010 (Rs. In Lacs)
Income from Operation	68.32	234.26
Total Expenditure	154	303.97
Profit before finance cost, depreciation and tax (Operating Profit)	73.25	207.47
Finance Cost	61.46	92.34
Depreciation Cost	19.36	33.62
Profit before tax	(7.57)	87.59
Provision for Tax - Current	0	1.71
- Dividend Tax	0	0
- Reversal of Dividend Tax	0	0
- Deferred	1.69	0
Profit after Tax	(9.27)	85.88
Balance brought forward from previous year	274.90	194.02
Transfer to General Reserve	0	5
Proposed Dividend	0	0
Profit carried to Balance Sheet	265.63	279.90

3. OPERATIONS REVIEW:

2010-11 was a challenging year for your Company. Revenue and profits in turn have dwindled substantially. The Company has lost clients to adverse market conditions. The worst however seems to be behind us and the Company expects a significant turnaround within the next 6-8 months by implementing a rapid redevelopment and realignment of operations. All investigations and actions against your Company are almost at a close and additional precautions have been placed to ensure that operations are not hindered again. The Company is looking to resume to it's 2009 levels of growth within the next 18 months.

4. DIVIDEND:

Your directors recommend a dividend of 5% 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 Commodities Limited (ACL) [Formerly known as Alka Broking Ltd] continues to remain 100% subsidiary of the company. ACL is a member of Multi Commodity Exchange (MCX).

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 2010-11

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 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.

12. SEBI AD – INTERIM EX – PARTY ORDER

There has been an ad – interim ex – party order by SEBI against your company and the promoters passed by Whole Time Member of SEBI. SEBI had alleged that Company and the promoters have indulged in circular trading in the shares of the company and have passed an ad interim order dated 28th July 2009, restraining company & promoters from accessing the capital market till further notice. It has also put restriction on company to take new clients, also a restriction has been put to not to make any further changes in the share capital of the company. This order is an ad interim in nature and ex party, they have not yet taken our view on it. The Company has taken up the matter with the authorities. Your Directors wish to affirm you that these allegations are not correct. There has been some change in promoter shareholding due to family settlement among them and shares had been transferred from one promoter to another, SEBI has taken view on this off market transaction for circular trading. Your Directors are taking all necessary steps to resolve this matter as early as possible. Your Directors are confident that things shall be resolved and normal business will prevail. Your Directors wish to put on record their gratitude for the support shown by the shareholders and affirm that all necessary steps shall be taken to protect the interest of the company and the shareholders.

13. 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.

14. PARTICULARS OF EMPLOYYE:

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 employees whose details to be reported under this section.

15. 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.

16. 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.

17. 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

Mahendra Pandey
CHAIRPERSON

Place: - Mumbai
Date: - Aug 30th 2011

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is fully committed to good corporate governance practices as laid down by SEBI. It envisages attainment of a high level of transparency & accountability in the functioning of the Company and helps the management in the efficient conduct of the Company's affairs and in protecting the interest of various participants like shareholders, employees, lenders, clients etc. and at the same time places due emphasis on compliance of various statutory laws.

BOARD OF DIRECTORS:

(A) Present Composition of Board of Directors:

Name	Designation	Category	Attendance		No. of other Directorships	No. of Board Committee other than ASL
			Board Meeting	Last AGM		
Mrs. Alka Pandey	Chairman	Executive		Yes	1	NIL
Mr. Mahendra Pandey	Managing Director	Executive		Yes	1	NIL
Mr. Tejas Pandey	Director	Non-Executive Independent		Yes	NIL	NIL
Mr. Gopaldas Chaudhary	Director	Non-Executive Independent		Yes	NIL	NIL
Mr. Dinesh Kumar Bohra	Director	Non-Executive Independent		Yes	NIL	NIL

(B) Board procedures

Four board meetings were held in this period on the following dates:
15th May 2010, 12th August 2010, 18th November 2010, 20th January 2011.

None of the Directors of the Board serve as Members of more than 10 Committees nor do they chair more than 5 Committees, as per the requirements of the Listing Agreement.

(C) Code of Conduct

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company.

The Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code applicable to them during the year ended March 31, 2011 The Annual Report of the Company contains a certificate duly signed by the CMD in this regard.

COMMITTEE OF DIRECTORS:

(A) Audit Committee:

The central objective of the Audit Committee is to keep close vigil and potent oversight on the management's financial reporting process with a view to ensure timely and transparent disclosure of financial statements.

The terms of reference and role of the audit committee are extensive and include all requirements as prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956 and by the Board from time to time.

During the year 2010– 11 the committee met 4 times on 15th May 2010, 12th August 2010, 18th November 2010, 20th January 2011.

The composition of the Audit Committee and the attendance of the members are as under:

Name of the Director	Designation	Meetings attended
Mr. Mahendra Pandey	Chairman	5
Mr. Tejas Pandey	Member	3
Mr. Gopaldas Chaudhary	Member	5

The Chairman of the Committee Mr. Mahendra Pandey is an Executive Director and Mr. Tejas Pandey is an independent Non-executive Director. Mr. Gopaldas Chaudhary is a Non - Executive independent Director.

(B) Remuneration Committee.

The Composition of Remuneration Committee is as below:

Name of Member	Designation
Mr. Tejas Pandey	Chairman
Mr. Gopaldas Chaudhary	Member
Mr. Mahendra Pandey	Member

The remuneration committee decides remuneration to be paid to directors which is subsequently approved by the Board of Directors. Details of the Remuneration paid to the Directors during the year 2010 – 11 are as under:

Sr. No.	Name of the Director	Category	Remuneration (Rs)
1.	Alka Pandey	CMD	180000/
2.	Mahendra Pandey	Executive Director	180000/

No remuneration is paid to the non – executive Directors during the year.