

# ALKA SECURITIES LIMITED

17<sup>th</sup> 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. Gopal Das 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.
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Statutory Auditors	:	M/s. B N Kedia & Co. Chartered Accountants
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Principal Bankers	:	Bank of India
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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.
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Stock Exchange Where Company's Securities are Listed	:	Bombay Stock Exchange Limited Mumbai
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Web Site	:	<a href="http://www.alkasecurities.com">www.alkasecurities.com</a>
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## 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 its 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 its energies on expanding horizons and rapidly expanding other promising fields.

### PERFORMANCE

The company's performance during the year ended 31<sup>st</sup> 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 17<sup>th</sup> Annual Report of the Company together with the audited statement of accounts for the year ended 31st March 2011

### 2. FINANCIAL RESULTS:

	Year ended 31 <sup>st</sup> March 2011 (Rs. In Lacs)	Year ended 31 <sup>st</sup> 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 28<sup>th</sup> 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. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS 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 EMPLOYEE:**

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 30<sup>th</sup> 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. Gopalidas Choudhary	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:  
15<sup>th</sup> May 2010, 12<sup>th</sup> August 2010, 18<sup>th</sup> November 2010, 20<sup>th</sup> 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 15<sup>th</sup> May 2010, 12<sup>th</sup> August 2010, 18<sup>th</sup> November 2010, 20<sup>th</sup> January 2011.

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

<u>Name of the Director</u>	<u>Designation</u>	<u>Meetings attended</u>
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:

<u>Name of Member</u>	<u>Designation</u>
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:

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

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

### (C) Shareholders / Investors Grievance Committee

The Composition of Shareholders / Investors Grievance Committee is as below:

<u>Name of Member</u>	<u>Designation</u>
Mr. Mahendra Pandey	Chairman
Mr. Tejas Pandey	Member
Mr. Gopaldas Choudhary	Member

As mentioned earlier, the Company has constituted a Shareholder's/Investor's Grievances Committee for redressing shareholders and investor's complaints. The status of complaints is reported to the Board of Directors as an agenda item. Details are given in the section on shareholder information. Mr. Mahendra Pandey is the Compliance Officer. No Investor Complaints were received during the year under review. There were no pending transfers as on 31<sup>st</sup> March 2011. Company has also made an email ID only for registering investor complaints and grievances, the email ID is: [investorcomplaint@alkasecurities.com](mailto:investorcomplaint@alkasecurities.com).

### GENERAL BODY MEETINGS

#### a) Location and time of last three AGMs held

<b>Date of AGM</b>	<b>Time of AGM</b>	<b>Location</b>	<b>Special Resolution Passed</b>
11 <sup>th</sup> August 2010	11.00 A.M.	203, Anupam, Dababhai Cross Road No.2, J P Road, Andheri (W), Mumbai – 400 058	NIL
29 <sup>th</sup> September, 2009	10.00 A.M.	Privilege Inn, Opp. Shakti Ford Showroom, Near Inorbit Mall, Goregaon Malad Link Road, Malad (W), Mumbai – 400 064	NIL
25 <sup>th</sup> September 2008	11.00 A.M.	203, Anupam, Dababhai Cross Road No.2, J P Road, Andheri (W), Mumbai – 400 058	NIL

c) None of the business required to be transacted at the forthcoming Annual General Meeting is proposed to be passed by postal ballot.

### MANAGEMENT

#### Management Discussion and Analysis

This is given as a separate chapter in this annual report.

### DISCLOSURES

#### A) Related Party Disclosures

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

The Company has one subsidiary Company namely M/s Alka Commodities Limited (Formerly known as Alka Broking Ltd).

#### B) Details of Non-compliance and penalties

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets. No penalties strictures have been imposed on the Company by any Stock Exchange or SEBI or any other authorities relating to Capital markets, except a SEBI ad-interim ex-parte order passed by whole time member on 28<sup>th</sup> July 2009 in which following restrictions were put on company:

- a) Debarred company from dealing in securities till further notice.
- b) Frozen Beneficiary Account of company
- c) Not to take new clients.

#### MEANS OF COMMUNICATION

The quarterly results are published in "Economic Times" English daily, in all India editions and in "Maharashtra Times" a vernacular Marathi daily, in Mumbai edition.

#### GENERAL SHAREHOLDER INFORMATION

- a) The Annual General Meeting of the Company will be held on Thursday, 28<sup>th</sup> September 2011 at 10.00 A.M. at the registered office of the company.
- b) Financial Calendar: April 2010 to March 2011  
First Quarterly Result: Second week of May 2010  
Second Quarterly Result: Second week of August 2010  
Third Quarterly Result: Third week of November 2010  
Fourth Quarterly Result: Third week of January 2011
- c) Book Closure : 25<sup>th</sup> September 2011 to 29<sup>th</sup> September 2011 (Both Dates inclusive)
- d) Dividend Payout Date N/A
- e) Listing on Stock Exchanges: The Shares of the Company are listed on The Stock Exchange, Mumbai (BSE).
- f) Stock Code : BSE code - 532166  
ISIN No: INE921C0101031 (earlier INE921C01023)

Listing fee for the year 2011 - 11 have been paid to The Stock Exchange, Mumbai (BSE).



g) Stock Market price data for the year 2010- 11

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Index High	Index Low
April 10	6.58	4.7	8624568	18047.86	17275.8
May 10	7	4.61	17192823	17536.86	15962.15
June 10	6.37	3.44	11958607	17919.62	16318.39
July 10	4.03	3.5	3301947	18237.56	17385.58
August 10	3.79	3.07	3289369	18475.27	17819.39
September 10	3.6	2.95	3310407	20267.98	18027.12
October 10	3.24	2.73	2714387	20854.55	19758.96
November 10	3.59	2.6	5970601	21108.64	18954.82
December 10	3.5	1.52	4884431	20552.03	19074.57
January 11	1.88	1.1	4427155	20664.8	18038.48
February 11	1.34	0.71	3778910	18690.97	17295.62
March 11	1.06	0.89	1600408	19575.16	17792.17

h) Registrar & Share Transfer Agent :

M/s. Purva Sharegistry (INDIA) Pvt. Ltd.  
9, Shivshakti Industrial Estate  
J. R. Borisa Marg, Sitaram Mills Compound,  
Lower Parel (E), Mumbai - 400 011.

i) Share Transfer System:

Share Certificates received for transfer in physical form and requests for Demat are generally registered / confirmed within 21 days of receipt of the same, provided the documents are clear in all aspects. The Company also provides simultaneous transfer cum Demat facility to its equity shareholders.

j) Distribution of holding and share holding pattern as on March 31, 2011

Shareholding of Nominal Value of	No. of Holders	% of Holders	In Rs.	% to Total
Up to 5000	2866	70.82	3555563	3.74
5001 - 10000	311	7.68	2505967	2.64
10001 - 20000	251	6.20	3913224	4.12
20001 - 30000	115	2.84	2934297	3.04
30001 - 40000	77	1.90	2856405	3.01
40001 - 50000	79	1.95	3816035	4.02
50001 - 100000	167	4.13	12539234	13.20
100001 and above	181	4.47	62886655	66.19
Total	4047	100.00	95007380	100.00

k) Particulars of Shares held in physical / Electronic form as on March 31, 2011

As on March 31, 2011, Rs. 95,007,380/- of the Company's total paid up capital representing 95,007,380 shares (99.03% of the total capital) were held in dematerialized form and the balance Rs. 9,32,620/- representing 9,32,620 shares (0.97% of the total capital) were held in paper form.

Category	Number of Shares (In millions)	Percentage of Shareholding	Number of shares (Pledged)	As a % of Total No. of Shares (Pledged)
<b>(A) Shareholding of Promoter and Promoter Group</b>				
<b>(i) Indian</b>				
Individuals / Hindu Undivided Family	45,558,941	47.49	33,076,851	77.81
Bodies Corporate	597,806	0.62	-	-
<b>Sub Total</b>	<b>46,156,747</b>	<b>48.11</b>	<b>33,076,851</b>	<b>77.81</b>
<b>(ii) Foreign</b>				
Total shareholding of Promoter and Promoter Group (A)	46,156,747	48.11	33,076,851	77.81
<b>(B) Public Shareholding</b>				
<b>(i) Institutions</b>				
Financial Institutions / Banks	1	-	-	-
<b>Sub Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(ii) Non-Institutions</b>				
Bodies Corporate	16,808,046	17.52	-	-
Individuals			-	-
Individual shareholders holding nominal share capital up to Rs. 1 lakh	20,635,989	21.51	-	-
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	12,282,517	12.80	-	-
<b>Any Others (Specify)</b>	<b>56,700</b>	<b>0.06</b>	<b>-</b>	<b>-</b>
Non Resident Indians	29,200	0.03	-	-
Trusts	27,500	0.03	-	-
<b>Sub Total</b>	<b>49,783,252</b>	<b>51.89</b>	<b>-</b>	<b>-</b>
<b>Total Public shareholding (B)</b>	<b>49,783,253</b>	<b>51.89</b>	<b>-</b>	<b>-</b>
<b>Total (A)+(B)</b>	<b>95,940,000</b>	<b>100.00</b>	<b>33,076,851</b>	<b>34.48</b>

m) Outstanding GDRs/ADRs/Warrants or any convertible instruments  
The Company has not issued any GDR/ADR/Warrants

n) **Postal Ballot**  
The Company will comply with the provisions of Postal Ballot in the matters necessary.

o) The Company has complied with the requirements of the all-statutory laws applicable.

p) The Company has not established whistle blower policy.

q) There is no change in the policy of accounting standards.

#### **DECLARATION OF THE CHAIRMAN & MANAGING DIRECTOR**

This is to certify that company has laid down Code of Conduct for all Board Members and Senior Management of the Company. Further certified that the Member of the Board of Directors and Senior Management personnel have affirmed having complied with the code applicable to them during the year ended March 31, 2011

Date: 30<sup>th</sup> July 2011  
**MAHENDRA PANDEY**  
Mumbai

  
**MANAGING DIRECTOR**



## Auditors' Certificate

To  
The Members of Alka Securities Limited

We have examined the compliance of conditions of Corporate Governance by Alka Securities Limited, for the year ended on 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that, no investor grievance is pending for a period exceeding one month against the Company as per the information furnished by the Company's Registrars, other than those which are a subject matter of litigation.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B. N. KEDIA & CO  
Chartered Accountants

S.K. Kedia (partner)  
ICAI Mem. No. 052579

Place: Mumbai  
Date: 30<sup>th</sup> JULY 2011

**AUDITOR'S REPORT**  
**TO THE MEMBERS OF ALKA SECURITIES LIMITED**

1. We have audited the attached Balance Sheet of **ALKA SECURITIES LIMITED** Mumbai as at 31<sup>st</sup> March 2011 and the Profit and Loss Account annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2004 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above.
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper Books of Account as required by law have been kept by the company so far as appears from our examination of such books.
  - c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the Books of Account.
  - d) In our opinion the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred in Sub-section (3c) of Section 211 of the Companies Act, 1956.
  - e) Based on representations made by all the Directors of the company to the Board and the information and explanations as made available to us by the Company, none of the Directors of the Company prima-facie have any disqualifications as referred to in section 274 sub-section (1) clause (g) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us the said account read with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - i. in the case of Balance Sheet of the state of affairs of the company as at 31<sup>st</sup> March, 2011 and
    - ii. in the case of Profit & Loss Account of the Profit for the year ending on that date.

**AND**

- iii in the case of Cash Flow Statement for the year ending on that date.

**PLACE : MUMBAI**  
**DATED : 30/07/2011**

**FOR B. N. Kedia & Co.**

CHARTERED ACCOUNTANTS

**S.K. Kedia**  
**Partner**

**ICAI M. NO: 052579**





ANNEXURE TO THE AUDITOR'S REPORT  
(Referred to in paragraph 3 of our Report of even date)

- (I) a) the company has maintained proper records showing full particulars including Quantitative details & situation of fixed assets.  
b) All the assets have been physically verified by management during the year and no material discrepancies were noticed on such verification.  
c) During the year, the company has not disposed any substantial part of fixed assets affecting the going concern of the Company.
- (ii) (a) The inventory physically verified during the year by the management of the company. In our opinion, the frequency of such verification is reasonable.  
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of company and nature of its business.  
(c) The company is maintaining proper records of inventory. The Discrepancies noticed on verification between physical stock and book stocks were not material.
- (iii) (a) We have been informed that the company has not taken Unsecured loan from other parties listed in the register to be maintained under section 301 of the companies Act, 1956. The Company has not given any loans to companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956.  
(b) The rate of interest and terms and conditions of such loans are prima facie not prejudicial to the interest of the company.  
(c) The principal amount and interest thereon are paid regularly on due date or immediately thereafter.  
(d) There is no overdue amount of loan taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and its nature of its business with regard to purchase of inventory, fixed assets and with regards to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanation given to us, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information given to us, the transaction made in pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.
- (vi) As informed, the company has not taken any deposits in accordance with section 58A, 58AA of the companies' act 1956 during the year.
- (vii) In our opinion, the company has an in house internal audit system commensurate with the size and nature of its business.
- (viii) As informed the maintenance of cost record under section 209 (1) (d) is not applicable to the company.



- (ix) (a) According to the information and explanation given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education, protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, there is no undisputed amount payable in respect of income tax, sales tax, wealth tax, custom duty, excise duty, cess that have not been deposited as on 31/03/2011.
- (x) The company does not have accumulated losses as at 31<sup>st</sup> March 2011, it has not brought forward loss of last year.
- (xi) Based on our audit procedures and on the information and explanation given by management, we are of the opinion that the company has not defaulted in repayment of its due to any financial institution and bank during the year.
- (xii) As informed, the Company has not granted loans and advances on the basis of securities by way of pledge of shares, debenture and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order 2004 are not applicable to the Company.
- (xiv) The Company is dealing in or trading in shares, securities, debentures and other investments and in our opinion and according to the information and explanations given to us, the company has maintained proper records of all transaction and contracts and has made timely entries therein. The stock and investment of the shares held by the company are in its own name or are in the process of transfer in its own name.
- (xv) In our opinion, and as per the information given to us Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The company has not obtained any term loans that were not applied for the purpose for which these were raised.
- (xvii) According to the information and explanation given to us and on an overall examination of Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment and Vice-versa.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained U/s.301 of the Companies Act, 1956 during the year.
- (xix) No debenture is issued during the year; hence the clause is not applicable.
- (xx) We have been informed that there is no fraud on or by the Company has been noticed / reported during the F.Y. 2008-2011

**PLACE : MUMBAI**  
**DATED : 30/07/2011**

**FOR B. N. KEDIA & Co.**

CHARTERED ACCOUNTANTS

**S. K. Kedia**  
**Partner**

**ICAI M. NO: 052579**



# ALKA SECURITIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH 2011

		(Amount in Rs.)	
PARTICULARS	SCH. No.	AS AT 31/03/2011	AS AT 31/03/2010
<b><u>SOURCES OF FUNDS</u></b>			
<b>Share holders Funds</b>			
Share Capital	1	95,940,000	95,940,000
Reserves & Surplus	2	30,218,263	43,690,081
<b>Borrowed Funds</b>			
Secured Loans	3	41,560,150	46,699,117
Deffered Tax Liability		404,379	235,143
<b>TOTAL FUNDS EMPLOYED</b>	<b>TOTAL</b>	<b>168,122,792</b>	<b>186,564,341</b>
<b><u>APPLICATION OF FUNDS</u></b>			
Fixed Assets	4	4,901,299	6,949,473
Investments	5	59,782,205	42,694,705
Current Assets, Loans & Advances	6	119,267,939	198,511,964
Less : Current Liabilities & Provisions	7	15,828,651	61,591,801
Net Current Assets	(6 - 7)	103,439,288	136,920,163
<b>TOTAL FUNDS APPLIED</b>	<b>TOTAL</b>	<b>168,122,792</b>	<b>186,564,341</b>
Notes forming part of the Accounts	14		

As per our report of even date  
For B.N. Kedia & Co  
Chartered Accountants

B. N. Kedia  
Proprietor  
ICAI M. NO:47066  
Place :- Mumbai  
Date :- 30/07/2011



For and on behalf of Board of Directors

Alka Pandey

Mahendra Pandey  
(Directors)

# ALKA SECURITIES LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in Rs.)

PARTICULARS	SCH. No.	FOR THE YEAR ENDED	
		31/03/2011	31/03/2010
<b><u>INCOME :-</u></b>			
Income from Operation	8	6,832,065	23,426,139
Other Income	9	7,811,888	15,729,917
Change in Stock			
		<b>14,643,953</b>	<b>39,156,056</b>
<b><u>EXPENDITURE :-</u></b>			
Operating Expenses	10	269,500	993,917
Employee's Remuneration & benefits	11	2,724,416	6,849,910
Administrative Expenses	12	4,325,247	10,565,725
Financial Expenses	13	6,146,217	9,234,027
Depreciation		1,935,940	2,753,221
		<b>15,401,320</b>	<b>30,396,800</b>
<b>PROFIT BEFORE TAX</b>		<b>(757,367)</b>	<b>8,759,256</b>
Less: Provision for Taxation - Current Tax		-	171,400
Less : Dividend Distribution Tax		-	-
Less : Reversal of Dividend Distribution Tax		-	-
Less : Deferred Tax		169,236	-
<b>PROFIT AFTER TAX</b>		<b>(926,603)</b>	<b>8,587,856</b>
Add: Balance Brought Forward		27,490,066	19,402,210
<b>AVAILABLE FOR APPROPRIATION</b>		<b>26,563,463</b>	<b>27,990,066</b>
<b>APPROPRIATION</b>			
Transfer to General Reserve			500,000
Proposed Dividend			-
Excess Dividend Provision Reversed			-
Dividend Paid Excess			-
Balance Carried to Balance Sheet		26,563,463	27,490,066
		<b>26,563,463</b>	<b>27,990,066</b>
Earning Per Share (Rs.)		<b>(0.01)</b>	<b>0.18</b>
Notes forming part of the Accounts	14		

As per our report of even date

For B.N. Kedia & Co.

Chartered Accountants

S.K. Kedia

Partner

ICAI M. NO: 052579

Place :- Mumbai

Date :- 30/07/2011

For and on behalf of Board of Directors

  
  
**Mahendra Pandey**  
 Mahendra Pandey  
 (Directors)



# ALKA SECURITIES LIMITED

## SCHEDULES '1' TO '8' FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	(Amount in Rs.)	
	AS AT 31/03/2011	AS AT 31/03/2010
<b>SCHEDULE '1'</b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>AUTHORISED SHARE CAPITAL :</u></b>		
200,000,000 Equity Shares of Rs. 1/- each	200,000,000	200,000,000
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP</u></b>		
9,59,40,000 Equity shares of Rs 1/- each fully Paid up	95,940,000	95,940,000
<b>TOTAL &gt;&gt;&gt;&gt;&gt;</b>	<b>95,940,000</b>	<b>95,940,000</b>

### SCHEDULE '2'

#### RESERVES & SURPLUS

##### General Reserve

Opening Balance

2,639,800

2,139,800

Add:- Transfer from P&L A/c.

-

500,000

2,639,800

2,639,800

Share Forfeiture A/c

1,015,000

1,015,000

Add: Addition during the year

-

-

1,015,000

1,015,000

Profit & Loss Account Balance

26,563,463

35,577,922

**TOTAL >>>>>**

**30,218,263**

**39,232,722**

### SCHEDULE '3'

#### SECURED LOANS

From Banks

40,581,907

45,276,799

(Secured against FDR & Property of Directors)

Vehicle Loan

978,243

1,422,318

(Secured against Motor Vehicle)

**TOTAL >>>>>**

**41,560,150**

**46,699,117**

**ALKA SECURITIES LIMITED**

**SCHEDULES '1' TO '8' FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011**

**SCHEDULE '4'**

**FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01-04-2010	Addition	Deletion	As at 31/03/2011	Up to 31/03/2010	For the Year	Adjustment	Up to 31-03-2011	As on 31-03-2011	As on 31/03/2010
<b>Assets</b>										
Furniture	4,004,201	-	-	4,004,201	2,404,579	324,124		2,728,703	1,275,498	1,599,622
Computer	12,502,991	-	-	12,502,991	10,122,179	1,001,614		11,123,793	1,379,198	2,380,812
Air Conditioners	725,560	-	-	725,560	368,537	49,662		418,199	307,361	357,023
Motor Car	5,225,454	-	-	5,225,454	3,566,424	429,523		3,995,947	1,229,507	1,659,030
Other Equipment	1,794,902	-	-	1,794,902	1,008,073	109,448		1,117,521	677,381	786,829
Vsat	315,000	-	-	315,000	261,077	21,569		282,646	32,354	53,923
<b>TOTAL</b>	<b>24,568,108</b>	<b>-</b>	<b>-</b>	<b>24,568,108</b>	<b>17,730,869</b>	<b>1,935,940</b>	<b>-</b>	<b>19,666,809</b>	<b>4,901,299</b>	<b>6,837,239</b>
Previous Year	24,145,926	-	-	24,145,926	11,503,135	3,362,279	-	14,865,414	9,280,512	9,141,324

# **ALKA SECURITIES LIMITED**

## **SCHEDULES '1' TO '8' FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011**

### **SCHEDULE '5'**

#### **INVESTMENTS (AT COST)**

Name of the Company	Face Value	As at 31/03/2011		As at 31/03/2010	
In Equity Shares - Fully Paid up		No. of Shares	Cost	No. of Shares	Cost
UNQUOTED					
Alka Commodity Ltd	10	900,000	18,000,000.00	900,000	9,000,000
Veenapani Investment Pvt Ltd.(Rs.2.50 paid up)	10	208,000	10,400,000.00	208,000	5,200,000
Balaji	10	25,000	2,500,000.00		
India Denim Ltd		-	-	-	-
Infracare Systems Pvt Ltd		-	-	-	-
Om Som En Fab Pvt Ltd			-		1,000,000
	(A)		<u>30,900,000</u>		<u>15,200,000</u>
QUOTED					
In Equity Shares - Fully Paid up					
Dhampur Sugar Ltd	10	5,000	1,195,901	5,000	1,195,901
Dhampur Sugar Ltd	10	1,000	248,500	1,000	248,500
Aditya Birla Nuvo Ltd	10	193	158,600	193	158,600
IPCL	10	250	59,338	250	59,338
Hotel Leela Ventures Ltd	10	15,000	760,939	15,000	760,939
Manugraph Ind Ltd	10	2,000	381,000	2,000	381,000
India Bulls Ltd	10	1,010	421,082	1,010	421,082
DCM Shriram Ltd	2	2,000	117,580	2,000	117,580
Entegra Ltd	10	180,365	2,056,161	373,335	4,256,019
Kailash Ficom Ltd	5	72,078	4,112,050	72,078	4,112,050
RNRL	10	-	-	7,504	552,444
Suntech Realty	10	-	-	5,500	7,621,120
K Sera Sera Ltd	10	79,172	823,389	79,172	823,389
Pritish Nandy Communication	10	3,856	140,436	3,856	140,436
Reliance Power	10	176	23,913	176	23,913
Reliance Infrastructure Ltd	10	27	15,593	527	304,343
Suzlon Energy Ltd	2	-	-	3,500	181,720
Others	10	-	3,000	-	3,000
Seagul Ltd	10	923,500	3,864,723	923,500	3,864,723
Alfa Graphics Ltd	10	500,000	1,250,000	500,000	1,250,000
AGGREGATE COST	(B)		<u>15,632,205</u>		<u>26,476,097</u>
APPLICATION MONEY:					
- JMDE PACK & RELT LTD (Share Warrants)			13,250,000		3,312,500
AGGREGATE COST (A+B)			<u>59,782,205</u>		<u>44,988,597</u>
MARKET VALUE OF QUOTED SHARES			35,217,254	61,561,834	



# ALKA SECURITIES LIMITED

## SCHEDULES '1' TO '8' FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2011

PARTICULARS	(Amount in Rs.)	
PARTICULARS	AS AT 31/03/2011	AS AT 31/03/2010

### SCHEDULE '6'

#### CURRENT ASSETS, LOANS & ADVANCES

##### A) Current Assets

Trading Stock	29,557,000	29,557,000
Sundry Debtors : (Unsecured, Considered Good)		
Outstanding for period exceeding six months	-	126,468
Other debts	56,924,577	98,787,236

##### Cash & Bank Balances

Cash on hand	300,000	257,553
<u>Balances With Scheduled Bank</u>		
on Current Account	333,819	(1,602,585)
on Fixed Deposits	1,275,000	3,875,332
Other Current Assets	-	8,592,877

##### B) Loans & Advances

(Unsecured, Considered Good)

Advances recoverable in cash or in kind or for value to be recieved

Prepaid Expenses	-	101,885
Advances	49,929	24,640,605
Income Tax & TDS	8,161,047	12,363,390
Service Tax Credit	-	454,762
Deposits	22,666,567	21,357,441

TOTAL >>>>> 119,267,939 198,511,964

### SCHEDULE '7'

#### CURRENT LIABILITIES & PROVISIONS

##### A) Current Liabilities

##### Sundry Creditors for

Clients	3,261,100	18,841,338
Expenses	1,645,801	1,024,891
Deposits & Advances	-	14,823,371
Outstanding Liabilities	-	15,809,051

##### B) Provisions

Proposed Dividend	-	-
For Taxation	11,093,150	11,093,150

TOTAL >>>>> 16,000,051 61,591,801

# **ALKA SECURITIES LIMITED**

**SCHEDULES '8' TO '13' FORMING PART OF THE PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2011**

<b>PARTICULARS</b>	<b>(Amount in Rs.)</b>	
	<b>YEAR ENDED 31/03/2011</b>	<b>YEAR ENDED 31/03/2010</b>
<b>SCHEDULE '8'</b>		
<b><u>INCOME FROM OPERATIONS</u></b>		
Brokerage	6,831,543	17,388,788
Misc Income	-	-
Commission	522	6,037,351
<b>TOTAL &gt;&gt;&gt;&gt;&gt;</b>	<b>6,832,065</b>	<b>23,426,139</b>
<b>SCHEDULE '9'</b>		
<b><u>OTHER INCOME</u></b>		
Interest Received On FDR	157,886	326,357
Commodity Trading Profit	3,186,521	-
Miscellaneous Income	4,430,568	1,077,741
Share Trading Profit	-	650,208
Dividend Income	36,913	7,650,000
Capital Gain	-	6,025,611
<b>TOTAL &gt;&gt;&gt;&gt;&gt;</b>	<b>7,811,888</b>	<b>15,729,917</b>
<b>SCHEDULE '10'</b>		
<b><u>OPERATING EXPENSES</u></b>		
NSE-Settlement Charges	-	37,776
SEBI Fees	-	172,416
NSE & OTHER Fees	100,000	117,604
NSE Indemnity Insurance	-	100,474
Facilitaion Charges	135,000	250,197
Branch Expenses	34,500	315,450
<b>TOTAL &gt;&gt;&gt;&gt;&gt;</b>	<b>269,500</b>	<b>993,917</b>
<b>SCHEDULE '11'</b>		
<b><u>EMPLOYEE'S REMUNERATION &amp; BENEFITS</u></b>		
Staff Salary & Bonus	2,311,553	6,730,835
Contribution to Provident Fund	-	-
Staff Welfare Expenses	52,863	119,075
Directors Remuneration	360,000	-
<b>TOTAL &gt;&gt;&gt;&gt;&gt;</b>	<b>2,724,416</b>	<b>6,849,910</b>

# ALKA SECURITIES LIMITED

SCHEDULES '9' TO '13' FORMING PART OF THE PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	(Amount in Rs.)	
	YEAR ENDED 31/03/2011	YEAR ENDED 31/03/2010
<b>SCHEDULE '12'</b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Advertisement Expenses	45,936	185,940
Auditors Remuneration	90,000	90,000
Business Promotion Expenses	24,000	24,000
Computer Software & Data Processing Expenses	252,288	436,239
Conveyance Expenses	52,615	53,952
Demat Depository Charges	2,903	298,728
Electricity Expenses	319,416	800,972
Legal & Professional Fees	50,000	2,384,563
Lease Line & Hotline Charges	307,355	361,490
Listing Fees Expenses	30,000	30,000
Membership & Subscriptions	11,030	540
Motor Car Expenses	45,170	86,850
Office & General Expenses	166,361	793,627
Office Repairs & Maintenance	329,350	391,034
Communication Expenses	328,629	1,834,849
Printing & Stationery Expenses	126,836	357,463
Rent,Rates & Taxes	2,137,500	2,409,100
Travelling Expenses	5,858	26,378
<b>TOTAL &gt;&gt;&gt;&gt;&gt;</b>	<b>4,325,247</b>	<b>10,565,725</b>

## **SCHEDULE '13'**

### **FINANCIAL EXPENSES**

Bank Gaurantee Commission & Other Charges	248,937	299,310
Interest	5,897,280	8,934,717
<b>TOTAL &gt;&gt;&gt;&gt;&gt;</b>	<b>6,146,217</b>	<b>9,234,027</b>



# ALKA SECURITIES LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY BUSINESS PROFILE

### I. Registration Details:

Registration No.	L65910MH1994PLC165204
State Code	11
Balance Sheet Date	31/03/2011

### II. Capital Raised during the year

(Amount in thousand)

Public Issue	NIL
Right Issue	NIL
Bonus issue	NIL
Private Placement	NIL

### III. Position of Mobilisation and Deployment of Fund

(Amount in thousand)

Total Liabilities	168,123
Total Assets	168,123
Sources of Fund :	
Paid up Capital	95,940
Reserves & Surplus	30,218
Secured Loan	41,560
Unsecured Loan	-
Deferred Tax Liability	404
Application of Fund :	
Net Fixed Assets	4,901
Deferred Tax Assets	-
Investments	59,782
Net Current Assets	103,268
Misc. Expenditure	-
Accumulated Losses	-

### IV. Performance of Company

(Amount in thousand)

Total Income	14,844
Total Expenditure	15,401
Profit before Tax	(757)
Profit After Tax	(927)
Earning Per Share in Rs.	(0.01)
Dividend Rate (%)	0.00%

### V. Name of three principle Products/Services of Company

Item Code No.	(ITC Code)	N.A.
Product Description		Share Brokerage

As per our report of even date

For B. N. Kedhai & Co.

Chartered Accountants

S.K. Kedhai

Partner

ICAI M. NO: 052579

Place :- Mumbai

Date :- 30/07/2011

For and on behalf of Board of Directors

Mahendra Pandey  
(Directors)

#### **SCHEDULE "14"**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2011 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

##### **1. ACCOUNTING POLICIES**

###### **a) Basis of Accounting**

The financial statements are prepared as per historical cost convention and in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

The Accounts of the Company are prepared on accrual basis except where otherwise stated, in accordance with the normally accepted accounting principles.

###### **b) Use of Estimates**

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the same are known / materialized.

###### **c) Revenue Recognition**

All items of Income & Expenditures are accounted for on accrual basis except the following which are not according to Accounting Standard (AS-15) issued by the Institute of Chartered Accountants of India.

I Brokerage Income is recognized on the basis of completion of settlement and for sale & purchase of shares. Other commission income is recognized on completion of work job.

II Dividends are stated on receipt basis.

III Gratuity –retirement benefits are accounted for on cash basis.

###### **d) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation.

###### **e) Depreciation**

Depreciation on fixed assets is provided on the basis on Written Down Value Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

###### **f) Investments**

Investments are stated at cost.

###### **g) Stock in Trade**

Stock in trade is stated at cost or market value whichever is lower.

###### **h) Taxes on income**

Income Taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on income, issued by The Institute of Chartered Accountants of India (ICAI). Tax Expenses comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rate.

Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the Company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be. During the year company has shown the deferred tax liabilities separately in balance sheet, which is shown in current liabilities in previous year.

i) **Contingent Liabilities**

Contingent Liabilities are determined on the basis of available information and are disclosed by way of notes.

2. **CONTINGENT LIABILITIES NOT PROVIDED FOR:**

	As at 31/03/11	As At 31/03/10
a) In respect of guarantee given by Bank of India to NSE	25,00,000	67,00,000

3. Balances reflected in the accounts of Sundry Debtors, Sundry Creditors, Loans & Advances and Deposit are subject to confirmation/reconciliation and consequential adjustments, if any.

4. Remuneration paid to whole time director is Rs. - 3, 80,000/- (Previous Year "NIL").

5. **Payment to Auditors:**

Audit Fees	As at 31/03/11	As at 31/03/10
	90,000/-	90,000/-

6. **Quantitative Details of trading in shares/commodity**

Description	Current Year		Previous Year	
	Qty (Nos)	Amount (Rs)	Qty (Nos)	Amount (Rs)
Opening Stock	2,63,500	2,95,57,000	NIL	NIL
Purchase	900 kg silver	2, 25,00,500	NIL	NIL
Sales	900 kg silver	2, 56,87,021	NIL	NIL
Closing Stock	2,63,500	2,95,57,000	NIL	NIL

7. Related Party disclosures have been provided below. The related parties, as defined by Accounting Standard 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, in respect of which the disclosures have been made, have been identified on the basis of disclosures made by the key managerial persons taken on record by the Board.

			Purchase/Sale (Net)						As on 31/03/2010	
			Shares	Commodity					Receivable	Payable
1	Alka Commodities Ltd	Subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2	Mahesh Kothari Share & Stock Brokers Pvt Ltd	Associate	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
3	Alka Pandey	Director	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
4	Brijesh Kothari	Director	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5	Rajkumar Sharma	Director	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6	Mahendra Pandey	Director's Relative	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL



8. In accordance with Accounting Standard 22 "Accounting for Taxes on Income" the Company has accounted for Deferred Tax Liability of Rs. 169,236 (Previous Year "NIL") and Deferred Tax Asset of Rs. NIL (Previous Year Rs. Nil) has been added to the Profit & Loss Account.
9. Particulars of Employees:
- The Company does not have any employee earning a remuneration of Rs.2,00,000/- or more P.M. or Rs.24,00,000/- or more P.A.

10. Earning per Share

Particulars	Y.E 31.03.2011	Y.E.31.03.2010
Net Profit attributable to shareholders (Rs. in lacs)	(9.26)	85.88
Weighted average number of equity shares (Number in '000)	95940	47970
Basic/ Diluted earning per share of Rs.1/- each (in Rs.)	( 0.01)	0.18

11. Additional information relating to Balance Sheet Abstract and Company's General Business profile as per Part IV of Schedule VI to the Companies Act, 1956 – Annexed.

12. Figures for the previous year have been regrouped wherever necessary to make them comparable with those of current year.

For B.N. Kedia & Co  
Chartered Accountants  
(MUMBAI)  
S.K. Kedia  
Partner  
ICAI Mem. No. 052579

Place: Mumbai  
Date: 30/07/2011

For and on behalf of the Board of Directors

Mahendra Pandey  
(Director) \*

Alka Pandey  
(Director) \*