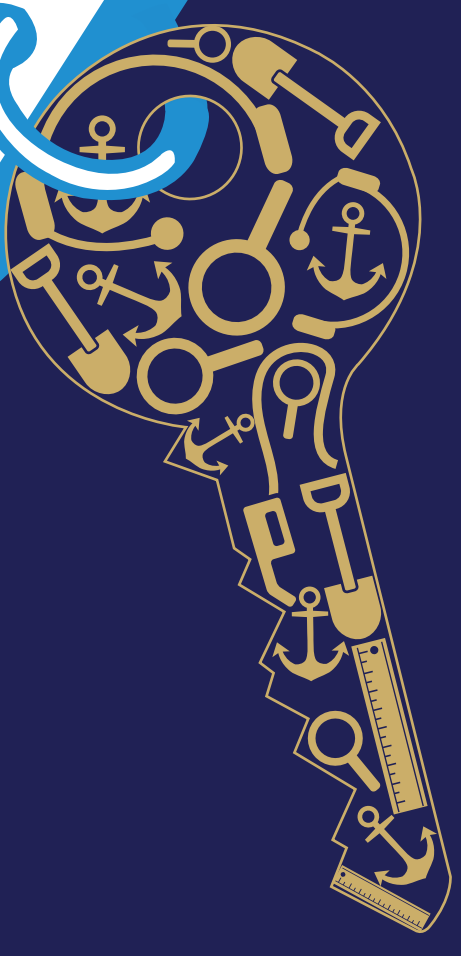
the equity of debt



A.K. CAPITAL SERVICES LTD.

BUILDING BONDS

Annual Report **2011-12**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Subhash Chandra Bhargava
Non-Executive Chairman (Independent Director)

Mr. A. K. Mittal
Managing Director

Mr. Deepak Mittal
Whole-time Director

Mr. Subhash Chander Madan
Independent Director

Mr. Raghubinder Rai
Independent Director

Mrs. Anshu
Non Executive Director

CHIEF FINANCIAL OFFICER

Mr. Vikas S. Agarwal

COMPANY SECRETARY

Ms. Kanchan Singh

STATUTORY AUDITORS

M/s. Suresh Surana & Associates
Chartered Accountants

BANKERS

Bank of India

HDFC Bank

Corporation Bank

REGISTRAR AND SHARE TRANSFER AGENT

Abhipra Capital Limited
Abhipra Complex, A-387, Dilkhush Industrial Area, G.T. Karnal Road, Azadpur, New Delhi - 110 033
Tel: +91 11 42390990, Fax: +91 11 42390911, website: www.abhipra.com

REGISTERED OFFICE

Flat No. N, Sagar Apartments, 6, Tilak Marg, New Delhi - 110 001
Tel: +91 11 23739628, Fax: +91 11 23739627, website: www.akcapindia.com

CORPORATE OFFICE

30-39, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai - 400 021
Tel: +91 22 66349300, Fax: +91 22 66360977, website: www.akcapindia.com

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 19th Annual Report of your Company with the Audited Accounts for the financial year 2011-12.

FINANCIAL HIGHLIGHTS

Standalone financial highlights of A. K. Capital Services Limited

(₹in crore except per share data)

Particulars	2011-12	2010-11
Total income	143.51	156.63
Total expenditure	96.46	75.56
Profit before tax	47.05	81.07
Provision for taxes	15.97	27.27
Profit after tax	31.08	53.80
Add: Surplus brought forward from previous year	150.14	106.95
Less: Appropriations		
Interim dividend	–	1.98
Proposed dividend	3.96	1.98
Transfer to reserves	3.25	6.00
Dividend distribution tax	0.64	0.65
Surplus carried to the Balance Sheet	173.37	150.14
Earning per share (face value ₹ 10 per share)		
Basic (in ₹)	47.09	81.52
Diluted (in ₹)	47.09	81.52

Consolidated financial highlights of A. K. Capital Services Limited and its subsidiaries

(₹in crore except per share data)

Particulars	2011-12	2010-11
Total income	198.49	166.40
Total expenditure	139.94	82.06
Profit before tax	58.55	84.34
Provision for taxes	20.22	27.89
Profit after tax	38.33	56.45
Less: Share of minority interest and adjustment on account of further investment in subsidiary company	0.28	(0.41)
Profit for the year after minority interest	38.05	56.87
Earning per share (face value ₹ 10 per share)		
Basic (in ₹)	57.65	86.16
Diluted (in ₹)	57.65	86.16

FINANCIAL PERFORMANCE

The financial performance of your Company is elaborated in the Management Discussion and Analysis Report which forms part of this Annual Report and has been prepared in accordance with Clause 49 of the Listing Agreement of the stock exchange where the shares of the Company are listed.

DIVIDEND ON EQUITY SHARES

Your Directors are pleased to recommend a final dividend of 60% i.e. ₹ 6 per equity share (face value of ₹ 10 per equity share) on 6,600,000 equity shares for the financial year 2011-12. The amount of dividend on equity shares and tax thereon aggregates to ₹ 4.60 crore.

The payment of the aforesaid dividend is subject to the approval of the Members to be obtained at the ensuing Annual General Meeting and shall be paid to all those equity shareholders whose names appear in the Register of Members as on Wednesday, September 26, 2012. The Register of Members and Share Transfer Books will remain closed from Thursday, September 27, 2012 to Saturday, September 29, 2012, both days inclusive. The Annual General Meeting of the Company is scheduled to be held on Saturday, September 29, 2012.

TRANSFER TO RESERVES

The Company proposes to transfer ₹ 3.25 crore to the General Reserve.

SUBSIDIARIES

During the financial year 2011-12, the Company had four subsidiaries namely:

A. K. Stockmart Private Limited

A. K. Capital Corporation Private Limited

A. K. Capital Finance Private Limited

A. K. Wealth Management Private Limited

On consolidated basis, your Company posted consolidated revenue of ₹ 198.49 crore and a consolidated profit after tax (after minority interest) of ₹ 38.05 crore.

In terms of the general exemption granted by the Ministry of Corporate Affairs vide Circular No. 2/2011 dated February 8, 2011 the Board of Directors of the Company had at their meeting held on August 25, 2012 approved attaching the Consolidated Financials of all the Subsidiaries of the Company along with that of the Company.

Pursuant to the aforesaid Circular, the copies of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of each of the Subsidiary Companies has not been attached to this Annual Report. The Company will make available these documents / details upon written request by any Member of the Company to the Company Secretary in this regard. These documents / details will also be available for inspection by any Members of the Company at the Registered Office of the Company and also at the Registered Office of the concerned Subsidiaries. The financial information of the Subsidiaries has been furnished under 'Statement pursuant to Section 212 of the Companies Act, 1956, related to Subsidiary Companies' and forms part of this Annual Report.

The Consolidated Financial Statements has been prepared in accordance with the Accounting Standard 21 - Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006 and forms part of this Annual Report.

A statement pursuant to Section 212 of the Companies Act, 1956 is set out as an annexure to this Annual Report.

DIRECTORS

In accordance with the applicable provisions of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Subhash Chander Madan and Mr. Raghubinder Rai, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

A brief resume of these Directors along with the nature of their expertise in specific functional areas, names of Companies in which they hold Directorship and/or Membership/Chairmanship of Committees of the Board and the number of shares held by them in the Company, as stipulated under Clause 49 of the Listing Agreement is given in the notice of the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors confirm that:

1. the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanation relating to material departures, if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the financial year 2011-12;
3. the Directors 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 Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORTS:

The Management Discussion and Analysis report and the Corporate Governance report for the year under review, together with a certificate from the Statutory Auditors of the Company on compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report.

STATUTORY AUDITORS

M/s. Suresh Surana & Associates, Chartered Accountants, (Firm Registration Number 121750W), Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

M/s. Suresh Surana & Associates, Chartered Accountants, (Firm Registration Number 121750W), Statutory Auditors of the Company have sought re-appointment and confirmation that their re-appointment shall be within the limits of Section 224(1B) of the Companies Act, 1956 was received from them. The Audit Committee and Board of Directors recommend the re-appointment of M/s. Suresh Surana & Associates, Chartered Accountants, (Firm Registration Number 121750W) as the Statutory Auditors of the Company.

PUBLIC DEPOSITS

During the financial year 2011-12, the Company did not accept any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

CONVERSION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption are not applicable to the Company.

The Company has no foreign exchange earnings during the financial year 2011-12. The information on foreign exchange outgo is furnished in the Notes to the financial statements no. 28, forming part of this Annual Report.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, is set out as separate annexure which forms part of this Annual Report. The Annual Report of the Company is being sent to all the Members of the Company along with the aforesaid annexure.

APPRECIATION

The Board of Directors place on record their sincere appreciation for the assistance and guidance provided by the government, regulators, stock exchanges, other statutory bodies and Company's bankers for the assistance, cooperation and encouragement extended to the Company. The Directors recognise and acknowledge the unstinted support provided by the employees at all levels and also for their sincerity, commitment and professionalism. We look forward for their continued patronage and encouragement in all our future endeavours.

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Place : Mumbai
Date : August 25, 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC SCENARIO & DEBT MARKET DEVELOPEMENT:

The Indian economy is going through a challenging phase in wake of weak macro economic data points. With lower growth, higher inflation, depreciating rupee, weakening CAD and uncertain economic development, the economy is heading towards a stagflation in the medium term.

The growth rate moderated sequentially over the quarters to a low of 5.3 per cent in Q4 FY 2011-12, thus dragging the overall growth rate to 6.5 per cent for the whole fiscal. The deceleration in the industrial production and weak investment has contributed to the growth slowdown. Even as the manufacturing Purchasing Managers' Index (PMI) towards the end of the fiscal suggested some expansion in the industrial activities, there is no question that the pace of expansion has slowed significantly.

During 2011-12, headline inflation level as measured through WPI declined from a peak of 10.0 per cent in September 2011 to 7.7 per cent in March 2012. However, during 2012-13 so far, provisional data suggests a rebound from 7.2 per cent in April to 7.3 per cent in June, largely driven by food and fuel prices.

With food prices contributing so heavily to headline inflation both WPI & CPI & a deficient monsoon progress as of now, the inflationary expectation over the course of FY 2012-13 are expected to be under pressure. Further, the probability of domestic pass in fuel cost is considered to be inflationary in the near-mid term.

However, the trend down in core inflation (non-food manufactured products) to around 5.0 per cent level is the positive development signaling no major threat to the demand pressure in the economy for the time being.

The Current Account Deficit (CAD) during 2011-12 widened visibly in the face of worsening global economic and financial conditions, exerted downward pressure on the rupee. Further with lack of clarity on GAAR & subsequent delay in necessary fiscal reforms led to capital outflows thus putting further strain on the local currency. Prospects for increasing capital inflows depend on both global conditions, particularly a credible resolution of the euro area situation, and an improvement in the domestic investment climate.

We see the current fiscal year would experience a low growth high inflation scenario. Though the consistent rate hikes in the past seems to have effective in containing the demand side price pressure, corresponding fiscal action would help in lowering price risk with improved investment demand in the economy.

The improvement in the sovereign yield curve would be more dependent up on expenditure structuring and focus on anti-inflationary reforms from the Central Government's end. Though further rate cuts by the RBI in the rest of the fiscal will be there, the timing & quantum would solely depend on the Government reform activities.

Over the past two decades, Indian bond markets have come a long way. The annual gross market borrowing of the Central Government and the State Governments increased from ₹ 122.83 billion in 1991-92 to ₹ 5,833.92 billion in 2010-11. The amount of outstanding Government of India securities increased from ₹ 780.23 billion in 1991-92 to ₹ 21,569.14 billion in 2011-12. Government securities market (G-Sec) has become broad-based in terms of participation and the sovereign yield curve now spans up to 30 years. What is quite encouraging the substantial growth in the corporate bond market. The trading volumes have increased manifold from ₹ 1,458.28 billion in 2008-09 to ₹ 5,986.04 billion in 2010-11. Simultaneously the number of public issuances in the Corporate Bond segment substantially increased (more than 3 times) to ₹ 356.10 billion in 2011-12 over ₹ 94.51 billion in 2010-11.

Further the year 2011-12 saw constructive effort in reviving the bond market by introducing various policy reforms & initiatives. Setting up of Infrastructure Debt Fund, introducing Credit Default Swap for Corporate Bonds, raising the debt investment limit for FIIs, broad basing the foreign investor definition to invest in domestic bonds, uplifting the tenure & maturity restrictions for foreign investors etc. are some of the major developments that took shape in the domestic bond space.

We expect more reforms & innovative steps would take place in the current fiscal to support the higher fiscal borrowings & to give a boost to the emerging corporate bonds.

OUR BUSINESS

The Group commenced operations in October 1993 by incorporating A. K. Capital Services Private Limited, which subsequently changed to A. K. Capital Services Limited (AKCSL) on December 21, 1994. The Company got registered with Securities and Exchange Board of India (SEBI) as Category I Merchant Banker in the year 1998. Over the period of 15 years the Company progressed to gain position amount top 5 participants in Indian debt market. The merchant banking activities are conducted in AKCSL which involves corporate debt raising through private placement of bonds and debentures, initial public issue of bonds and debentures, project financing, working capital financing, financial adviser, etc. AKCSL also invests in bonds out of its surplus funds and/or for fulfilling merchant banking obligations and generates investment income and interest income.

The group consists of 4 subsidiaries and conducts its operations through a branch network of 9 offices in 9 cities of India. The Company diversified into number of financial service businesses by setting up subsidiaries. A. K. Capital conducts its business of stock broking, IPO distribution, third party product distribution and depository services through its subsidiary A. K. Stockmart Private

Limited (AKSM). AKSM is SEBI registered NSE and BSE stock broker governed by SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and is SEBI registered Depository participant with CDSL. AKSM is also registered with SEBI Wholesale Debt Market Segment.

The Non Banking finance activities are conducted through A. K. Capital Finance Private Limited (AKCF) which is registered with Reserve Bank of India as Non Banking Finance Company (NBFC) not accepting public deposits. AKCF is systematically important NBFC into the business of lending to corporates, investment and trading in debt securities and investment in shares.

A. K. Wealth Management Private Limited is registered with SEBI as portfolio management service provider. The Company is in the process of starting its operations in PMS debt. A. K. Capital Corporation Private Limited is into investment its funds into financial instruments.

Land mark transactions of the group during financial year 2011-12

- Lead Manager to NHAI's Public Issue of Tax Free Bonds aggregating to ₹ 10,000 crores, AK Capital demonstrated its mobilization strengths by mobilizing maximum number of applications and maximum amount in the Issue amongst the team of Lead Managers.
- Lead Manager to PFC's Public Issue of Tax Free Bonds aggregating to ₹ 4,033.13 crores, AK Capital demonstrated its mobilization strengths by mobilizing maximum number of applications and maximum amount in the Issue, amongst the team of Lead Managers.
- Lead Manager to IRFC's Public Issue of Tax Free Bonds aggregating to ₹ 6,268.89 crores, AK Capital demonstrated its mobilization strengths by mobilizing maximum number of applications and maximum amount in the Issue, amongst the team of Lead Managers.
- Lead Manager to REC's Public Issue of Tax Free Bonds aggregating to ₹ 3,000 crores, AK Capital demonstrated its mobilization strengths by mobilizing maximum number of applications and maximum amount in the Issue, amongst the team of Lead Managers.

FINANCIAL PERFORMANCE

Consolidated Financial Highlights

The consolidated total income was increased to ₹ 198.49 crore in FY 2011-12 as compared to ₹ 166.40 crore in FY 2010-11. The Profit after tax and minority interest was ₹ 38.05 crore in FY 2011-12 as compared to ₹ 56.87 crore in FY 2010-11. Basic EPS was ₹ 57.65 and Diluted EPS was ₹ 57.65 in FY 2011-12 as compared to ₹ 86.16 and ₹ 86.16 in FY 2010-11 respectively.

Standalone Financials

The merchant banking fees was ₹ 122.76 crore during FY 2011-12 as compared to ₹ 84.50 crore during FY 2010-11, registering growth of 45%. Merchant banking fee income primarily includes fund raising fees from clients, financial advisory fees and third party referral fees. The increase in merchant banking fees is due to increased focus of the company to private corporate sector. The increase in fees is also due to fees income received from tax free public debt issues of NHAI, PFC and others done by the Company. Increased demand from corporates for raising funds from bond market also contributed in the rise in merchant banking fees of the Company.

Our treasury operation team manages the funds of the Company with an aim to optimize the yields and maintain the safety of the capital. The Company invests its surplus funds mostly into rated debt securities. The Investment income comprises of income from sale of investments acquired out of its surplus funds and/or to fulfill merchant banking obligations. Investment income for FY 2011-12 was ₹ 14.96 crore as compared to ₹ 67.22 crore in FY 2010-11. During the FY 2011-12 the investment income was impacted due to increase in interest rates.

The profit after tax for FY 2011-12 was ₹ 31.08 crore as compared ₹ 53.80 crore in FY 2010-11. The profit after tax was impacted due to fall in investment income and increase in expenses. The Company even after the high interest rate and tight liquidity conditions demonstrates the Company's ability to perform across cycles in consistent manner and yet be able to convert growth opportunities into business whenever they re-emerge.

Employee expenses increased by 58% to ₹ 23.83 crore in FY 2011-12 from ₹ 15.04 crore in FY 2010-11. Employee expenses increased primarily due to addition of employees, annual increase in salaries. Other expenses primarily include rent, taxes, lighting, advertisement and publicity, repairs and maintenance, professional fees, sub arrangers fees, etc. Other expenses increased by 34% to ₹ 65.62 crore in FY 2011-12 from ₹ 48.89 crore in FY 2010-11. The increase in other expenses was primarily due to increase in selling expenses due to payment of sub brokerage to the consortium members for marketing the tax free public issue of debt.

The Company has maintained a strong and liquid balance sheet. Equity share capital and reserves increased to ₹ 261.58 crore in FY 2011-12 from ₹ 235.10 crore in FY 2010-11 primarily due to ploughing back current year profits (after provision of proposed dividend) back into the business. The Book Value per share rose to ₹ 396.33 in FY 2011-12 from ₹ 356.22 in FY 2010-11. The Non Current liabilities increased to ₹ 4.88 crore in FY 2011-12 from ₹ 4.27 crore in FY 2010-11. The Current liabilities increased to ₹ 135.64 crore in FY 2011-12 from ₹ 43.69 crore in FY 2010-11. During the year the net block of fixed assets decreased by ₹ 0.97 crore to ₹ 40.50 crore. The Non Current assets increased to ₹ 245.76 crore in FY 2011-12 from ₹ 118.66 crore in FY 2010-11. The increase was primarily due to increase in investment in equity share capital of subsidiary company. The Current assets decreased to ₹ 156.33 crore in FY 2011-12 from ₹ 164.40 crore in FY 2010-11.

Outlook and Strategy

Today, A. K. Capital Services Limited is a well established brand in the financial services space. Our corporate values, execution, in-depth product knowledge and integrity have helped us to grow our business manifold in last one and half decade. The group's strength originates primarily from its main mantra - building bonds and relationships. Our experienced top and middle management and their experience of operating through various market cycles positions us as one of the strongest market player having capability to face the ever evolving market dynamics and capitalize on market opportunities.

India is one of the largest emerging economies in the world. The country posted growth in GDP even during the global financial crises. Besides conventional mode of bank financing, the country requires innovative funding solutions to optimize cost of funds for growth of infrastructure and other key sectors. Banks and Financial Institutions would need to shore up their capital base through innovative capital structures to meet the ambitious disbursement targets. Bond markets would flourish to gain a lion's share in the Indian financial markets. The regulatory authorities such as Reserve Bank of India, Securities and Exchange Board of India etc. have been proactively extending support to lay down regulatory framework and standards for smooth functioning of bond markets in the country.

AK Capital always believes in expanding business through diversified revenue streams. We believe that growth of Indian economy would provide rising opportunities to the Company in terms of debt as well as capital raising. Regulatory initiatives such as interest rate futures, online trading platform for corporate bonds, credit default swaps, repo in corporate bonds, standardization of disclosure norms, would deepen the market size of corporate bonds and we should see rising number of public issues of debt which would percolate the cult of fixed income securities to emerging high net worth individuals, corporates and other retail investors.

AK Capital clearly emphasizes on increasing its market share in India's expanding financial service industry by following a diversified business model spread across the various facets of the industry. The strategy revolves around continuously developing new and innovative products / services that reduces the cost of borrowing for the issuer and optimizes benefits to the investors.

OPPORTUNITIES AND CHALLENGES

Opportunities

- It may be observed that size of debt markets is many times the size of equity markets in developed economies. Indian economy being one of largest emerging economy is certain to witness exponential growth in size and depth of bond markets.
- Introduction of screen based trading in debt securities would provide impetus to growth of volume in debt markets. Participation in fixed income securities that was largely restricted to institutional investors is now percolating to the retail individual investors.
- Regulatory initiatives such as interest rate futures, online trading platform for corporate bonds, credit default swaps, repo in corporate bonds, standardization of disclosure norms have thrown a host of opportunities in terms of structuring of transactions as per requirements of varied investor segments.
- The untested territory of raising debt from retail investors through public issue route was first explored by the leading Non-Banking Finance Companies ("NBFCs") which has been further explored by Public Sector Undertakings to raise large amount of tax free bonds in FY 2011-12. The target amount of tax free bonds has been doubled from ₹ 30,000 crore to ₹ 60,000 crore in FY 2012-13. This is likely to provide safe investment and tax saving opportunities to the retail investors throughout the year.
- Introduction of e-application (online applications) and ASBA in debt public issues would reduce paperwork and make the functioning of debt markets more transparent and convenient from the investor's point of view.
- With evolution and transformation of the debt markets, increasing number of corporates are likely to raise debt through bond route and enhance retail participation in debt issues.

Challenges

- Like any other market, bond markets are subjected to volatility in interest rates.
- Like any other market, our operations remain vulnerable to fierce competition thereby affecting margins.
- Like any other market, debt market operations are vulnerable to system related risks.

HUMAN RESOURCES

At A. K. Capital, we believe that the employees are the drivers of growth, efficiency, productivity and success. The Company nurtures employees as its critical assets through healthy working atmosphere that ensures equal opportunity for growth and challenge to all the employees. The Company believes in focusing on employee training and development, rigorous leadership engagement, enhanced communication and participative decision making.

RISK MANAGEMENT

A. K. Capital Services Limited has focuses on protecting the capital and having a healthy balance sheet. A. K. Capital Services Limited is a SEBI Registered Category I Merchant Banker and is governed by SEBI (Merchant Banking) Regulations, 1992. AK Capital conducts the business of stock broking through its subsidiary A. K. Stockmart Private Limited, which is governed by SEBI (Stock Brokers and Sub Brokers) Regulations, 1992. A. K. Stockmart Private Limited is a SEBI registered Depository participant with CDSL.

A. K. Stockmart Private Limited is also registered with SEBI Wholesale Debt Market Segment. The non banking financing activities are being carried out though its subsidiary, A. K. Capital Finance Private Limited which is registered with Reserve Bank of India as Non Banking Finance Company not accepting public deposits. A. K. Wealth Management Private Limited is SEBI registered Portfolio Manager governed under SEBI (Portfolio Mangers) Regulations, 1993.

AK Capital has adequate risk management system across all the business. Timely and effective risk management is of prime importance to our continued success. The risk awareness culture and respecting risk has enabled us to build business on strong foundation and manage the volatility across cycles. The risk management is overseen by the Board of Directors, Audit Committee, Internal Audit Department and Compliance Department of the Company. Operational risk due to increase in competition by entry of newer foreign and domestic financial services companies is mitigated by our strong brand image, wide client base, through knowledge of products and services offered which differentiate ourselves from our competitors. We conduct our business with high level of diligence, using best practices in fair and transparent manner and endeavour to disseminate timely information to the clients, investors and regulator to mitigate the reputation risk and regulatory risk.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company maintains adequate internal control systems, which is designed to provide assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards of assets, the reliability of financials controls and compliance with applicable laws and regulations.

The Company has implemented suitable controls to ensure all the resources are utilized optimally, financial transactions are reported with accuracy and that there is strict compliance with applicable laws and regulations.

Recognizing the important role of internal scrutiny, the Company has an internal audit function which is empowered to examine the adequacy of, and compliance with, policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process.

CAUTIONARY STATEMENT

The statements made in this report describe the Company's objectives and projections that may be forward looking statement within the meaning of applicable laws and regulations. The actual result might differ materially from those expressed or implied depending in the economic conditions, government policies and other incidental factors which are beyond the control of the Company. A. K. Capital Services Limited has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.

CORPORATE GOVERNANCE REPORT

(A) OUR PHILOSOPHY

Corporate Governance forms an integral part of the philosophy of the Company and includes the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve the objects of the Company in pursuit of excellence, growth and value creation.

Your Company recognises a core value system wherein high levels of accountability, high standards of transparency, ensuring meticulous compliance of all the applicable acts, laws, rules and regulations and conducting the business in the best ethical manner is followed to set a benchmark for Corporate Governance initiatives.

Corporate Governance standards are complied in letter as well as spirit and the Company believes that the management is the trustee of the investor's capital and they are obliged to maximize shareholder's value over long term.

We believe that good Corporate Governance is a continuing exercise which ensures fairness, transparency and integrity of the management. The Report on Corporate Governance, as per the applicable provisions of Clause 49 of the Listing Agreement is as under:

(B) BOARD OF DIRECTORS

The Board of Directors of the Company provide and evaluate the strategic direction of the Company, management policies and their effectiveness and ensures that the long term interests of the shareholders and other stakeholders are being served.

(1) Composition of the Board of Directors

The Board of Directors ("Board") of the Company has an optimum combination of executive and non-executive directors and is in conformity with Clause 49 of the Listing Agreement. The Board comprises of six directors of which two are executive directors, one is non-executive non-independent director and three are non-executive independent directors. The chairman of the Company is non-executive independent director and 50% of the total number of directors are independent directors.

None of the directors on the Board is chairman of more than 5 committees and member of more than 10 committees of all public limited companies in which he / she is a Director, as stipulated in Clause 49 of the Listing Agreement. All the directors have made the requisite disclosures regarding committee positions held by them in other public limited companies. All the independent directors of the Company have confirmed that they qualify to be independent director as stipulated in Clause 49 of the Listing Agreement.

(2) Board Meetings

The Board meets at least once in a quarter and the time gap between two Board Meetings is not more than four calendar months. The company secretary sends a detailed agenda along with other explanatory notes and papers to each director sufficiently before the Board Meetings. The managing director of the Company appraises the Board at every meeting on the overall performance of the Company. The company secretary records the minutes of the proceedings of each Board meeting and Committee meeting. The minutes of the Board meetings of the Company's subsidiaries and a statement of all significant transactions and arrangements entered into by the subsidiaries are placed before the Board.

The Board met four times on following dated during the financial year 2011-12:

May 7, 2011, August 10, 2011, November 3, 2011 and January 21, 2012.

The names and categories of directors, their relationship with other directors, attendance at the Board Meetings held during the financial year 2011-12 and at the last Annual General Meeting (AGM) as also the number of directorships and committee positions held by them in all public limited companies as on March 31, 2012 are as under:

Name of Director	Category of Director	Relationship with other Directors	No. of Board Meetings		Attendance at the last AGM held on September 17, 2011	No. of Directorships and committee membership/ chairmanship		
			Held	Attended		Directorships *	Committee membership **	Committee chairmanship **
Mr. Subhash Chandra Bhargava	Chairman, Non-Executive Independent Director	None	4	4	No	11	4	–
Mr. A. K. Mittal	Managing Director, Executive (Promoter)	Husband of Mrs. Anshu	4	4	Yes	5	1	–
Mr. Deepak Mittal	Whole-time Director, Executive	None	4	4	Yes	2	2	–
Mr. Subhash C. Madan	Non-Executive Independent Director	None	4	4	Yes	3	–	2

Name of Director	Category of Director	Relationship with other Directors	No. of Board Meetings		Attendance at the last AGM held on September 17, 2011	No. of Directorships and committee membership/ chairmanship		
			Held	Attended		Directorships *	Committee membership **	Committee chairmanship **
Mr. Raghubinder Rai	Non-Executive Independent Director	None	4	4	Yes	1	1	–
Mrs. Anshu	Non-Executive Non – Independent Director (Promoter)	Wife of Mr. A. K. Mittal	4	4	No	4	–	1

* Includes Directorship in A. K. Capital Services Limited and excludes Directorships in private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956. (Public Limited Companies include Private Limited Companies which are subsidiaries of Public Limited Companies).

**The committees considered for above purpose are those prescribed in the Listing Agreement viz. Audit Committee and Shareholders/Investors Grievance Committee.

**Includes Committee Membership / Committee Chairmanship in A. K. Capital Services Limited and excludes Committee Membership / Committee Chairmanship in private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956. (Public Limited Companies includes Private Limited Companies which are subsidiaries of Public Limited Companies).

(3) Code of Conduct

The Company has adopted Code of Conduct (Code) for Directors and Senior Management which is in accordance with Clause 49 of the Listing Agreement. The Code has been posted on the Company's website www.akcapindia.com. The Board Members and Senior Management of the Company have confirmed their adherence to the provisions of the Code. The Members of the Board and the Senior Management Personnel are committed to keep updating this Code to keep it relevant with the changing dynamics of the business environment. The Code is strictly followed and a declaration by the Managing Director of the Company to this effect is annexed to this report as Annexure I.

Your Company has a Share Dealing Code for prevention and prohibition of insider trading for monitoring adherence to the rules for the preservation of price sensitive information, pre clearance and monitoring of trade. The Compliance Officer of the Company ensures compliance of the Share Dealing Code by all the Directors / designated employees and their dependants as mentioned in the Share Dealing Code.

(C) BOARD COMMITTEES

(1) Audit Committee

The composition, scope, terms of reference and working of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Composition

The Audit Committee comprises of three Directors of which two are Non-Executive Independent Directors and one is Executive Director. Mr. Subhash C. Madan, Chairman of the Audit Committee is a Non-Executive Independent Director. All members of the Audit Committee possess strong accounting and financial management expertise. The constitution and terms of reference of the Audit Committee are in compliance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Company Secretary acts as the Secretary to the Audit Committee.

The composition and designation of the Audit Committee are as under:

Name of the Member	Designation	Category of the Member
Mr. Subhash C. Madan	Chairman	Non-Executive Independent Director
Mr. Raghubinder Rai	Member	Non-Executive Independent Director
Mr. A. K. Mittal	Member	Executive Director

Terms of Reference

The terms of reference of the Audit Committee *inter alia* include overseeing the Company's financial reporting process and disclosures of financial information.

The Committee is empowered to *inter alia* review the remuneration payable to the Statutory Auditors and to recommend the change in auditors, if felt necessary. The Committee approves the appointment or re-appointment of Statutory Auditors of the Company and their remuneration.

It is authorized to select and establish accounting policies, review Statutory Audit Report, Internal Audit Report and meet them for discussions on their findings, suggestions and other related matters. The Committee ensures adequate follow up action is taken by the Management on observations and recommendations made by the respective Auditors.

The terms of reference and powers of the Audit Committee include all items listed under Clause 49 II (D) of the Listing Agreement and Section 292A of the Companies Act, 1956.

Meetings

During the financial year 2011-12, the four meetings of Audit Committee were held on May 7, 2011, August 10, 2011, November 3, 2011 and January 21, 2012.

The gap between two Audit Committee Meetings was not more than four calendar months. The attendance record of the Audit Committee Meetings are as follows:

Name of the Member	Number of Audit Committee meetings attended
Mr. Subhash C. Madan	4
Mr. Raghubinder Rai	4
Mr. A. K. Mittal	4

Attendees

The Statutory Auditor, Internal Audit Department Head and Chief Financial Officer are invited to attend the Audit Committee Meetings to point out any observations they may have with regard to finance, accounting, operations and other allied matters.

Mr. Subhash C. Madan, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 17, 2011.

(2) Remuneration Committee

Composition

The Remuneration Committee comprises of three Directors of which two are Non-Executive Independent Directors and one is Non-Executive Non-Independent Director. The Chairman of the Remuneration Committee is a Non-Executive Independent Director.

The composition and designation of the Remuneration Committee are as under:

Name of the Member	Designation	Category of the Member
Mr. Raghubinder Rai	Chairman	Non-Executive Independent Director
Mr. Subhash C. Madan	Member	Non-Executive Independent Director
Mrs. Anshu	Member	Non-Executive Non-Independent Director

Terms of Reference

The role of the Remuneration Committee is to review and decide on remuneration packages payable to the Managing Director and the Executive Directors of the Company. During the course of its review, the Committee also decides on the commission of the Directors and/or other incentives payable, taking into account the individual's performance as well as that of the Company.

Remuneration Policy

While deciding on the remuneration for Directors, Remuneration Committee considers the performance of the Company, the current trends in the industry, the qualification of the appointee(s), their experience, past performance and other relevant factors. The Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries. This information is used to review the Company's remuneration policies.

Meetings

The Remuneration Committee of the Company met four times during financial year 2011-12 on April 1, 2011; July 4, 2011; October 24, 2011 and March 31, 2012. The details of attendance of members in Remuneration Committee Meetings are as under:

Name of the Member	Number of Remuneration Committee meetings attended
Mr. Raghubinder Rai	4
Mr. Subhash C. Madan	4
Mrs. Anshu	4

Remuneration to Non Executive Directors

The Company pays ₹ 10,000 towards sitting fees to the Non Executive Directors for every Board Meeting attended. The sitting fees paid / payable to Non Executive Directors for the financial year 2011-12 is as under:

Name of the director	Sitting fees for the Board Meetings paid / payable for the financial year 2011-12 (₹)
Mr. Subhash Chandra Bhargava	40,000
Mr. Subhash C. Madan	40,000
Mr. Raghubinder Rai	40,000
Mrs. Anshu	40,000

Remuneration to Executive Directors

Remuneration to Managing Director and Whole-Time Director is fixed by Remuneration Committee which is subsequently approved by Board of Directors and Shareholders.

Details of remuneration paid / payable to Managing Director and Whole-Time Director during the financial year 2011-12 are as under:

Particulars	Mr. A. K. Mittal Managing Director (₹)	Mr. Deepak Mittal Whole-Time Director (₹)
Salary and allowances	28,840,000	3,556,840
Bonus	–	10,310,000
Perquisites and allowances	1,056,000	–
Total	**29,896,000**	**13,866,840**

Shareholding of Directors

The shareholding of the Directors as on March 31, 2012 are as under:

Sr.	Name of the Director	No. of shares	% of the total paid-up equity share capital of the Company
1.	Mr. Subhash Chandra Bhargava	–	–
2.	Mr. A. K. Mittal	506,818	7.68
3.	Mr. Deepak Mittal	–	–
4.	Mr. Subhash C. Madan	–	–
5.	Mr. Raghubinder Rai	–	–
6.	Mrs. Anshu	172,275	2.61

(3) Shareholders Grievance Committee

Composition

The Shareholders Grievance Committee of the Company comprises of two Directors of which one is Non-Executive Non-Independent Director and one is Executive Director. The Chairman of the Shareholders Grievance Committee is a Non-Executive Non-Independent Director. The composition of the Shareholders Grievance Committee is in accordance with the provisions of Clause 49 of the Listing Agreement.

The composition and designation of the Shareholders Grievance Committee are as under:

Name of the Member	Designation	Category of the Member
Mrs. Anshu	Chairperson	Non-Executive Non Independent Director
Mr. Deepak Mittal	Member	Whole-Time Director

Terms of Reference

The Committee, *inter alia*, approves issue of duplicate share certificates and oversees and reviews all matters connected with transfers, transmissions, splits and consolidation of securities of the Company. The Committee also monitors redressal of investors' grievances relating to transfer of shares, non-receipt of dividend, non-receipt of annual report, etc. It oversees the performance of the Registrar and Share Transfer Agents of the Company and recommends measures so as to facilitate better investor services and relations.

Meetings

The Shareholders Grievance Committee of the Company met three times during financial year 2011-12 on July 5, 2011; October 5, 2011 and January 9, 2012.

The details of attendance of members in Shareholders Grievance Committee Meetings are as under:

Name of the Member	Number of Shareholders Grievance Committee meetings attended
Mrs. Anshu	3
Mr. Deepak Mittal	3

Based on the report received from the Company's Registrar and Share Transfer Agent, the Company has received two complaints during the financial year 2011-12. All the complaints were redressed to the satisfaction of the shareholders. No complaints were pending unresolved as on March 31, 2012.

The name, designation and address of the Compliance Officer of the Company is as follows:

Name and Designation: Mr. Vikas S. Agarwal, Senior Vice President

Address: A. K. Capital Services Limited, 30-39, Free Press House, Nariman Point, Mumbai - 400 021

Contacts: Tel: +91 22 66349300, Fax: +91 22 66360977, E-mail: vikas.agarwal@akgroup.co.in

(D) SUBSIDIARY COMPANIES

As per Clause 49 of the Listing Agreement, "material non listed Indian subsidiary" means an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Your Company has one material non listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding financial year.

Mr. Subhash C. Madan, Independent Director on the Board of A. K. Capital Services Limited (Holding Company) is also Director on the Board of A. K. Capital Finance Private Limited (material non listed Indian subsidiaries).

The financial statements including the particulars of investments made by all the unlisted subsidiary companies are reviewed by the Audit Committee.

The Company has a system of placing the minutes and statement of all the significant transactions of all the unlisted subsidiary companies at the Meeting of the Board of Directors.

(E) GENERAL BODY MEETINGS

All the resolutions moved at the last Annual General Meeting (AGM) of the Company were passed by show of hands with requisite majority of members attending the meeting. No Extraordinary General Meeting was held during the year.

The details of the last three AGM of the Company are as follows:

Financial Year	Date	Time	Location / Venue	No. of Special resolutions passed
2010-11	September 17, 2011	9.00 a.m.	Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi	2
2009-10	September 4, 2010	9.00 a.m.	Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi	3
2008-09	September 5, 2009	9.00 a.m.	Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi	2

No resolution was passed through postal ballot pursuant to Section 192A of the Companies Act, 1956 from the date of the last Corporate Governance report upto the date of this report.

(F) DISCLOSURES

a. Related Party Transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company. The disclosure with respect to the related party transactions is set out in the Notes to the financial statements no. 31 forming part of this Annual Report. All related party transactions are carried out on arm's length basis at fair market value and are intended to further the interests of the Company.

b. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standards) Rules, 2006 and as amended from time to time.

c. Risk Management

The Company has a risk management policy for risk identification, assessment and control to effectively manage risks associated with the business of the Company.

d. Other Disclosures

i. The Company has duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement and all other laws applicable to the Company. In respect of compliance with the non mandatory requirements, the Company has constituted a Remuneration Committee, the details whereof are given under the heading "Remuneration Committee".

ii. No penalty has been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any other Statutory Authorities, on any matter related to the capital markets, during last three years.

iii. The quarterly and yearly financial results are displayed on the Company's website and are being published in English and Hindi newspapers.

iv. In line with the requirements stipulated by SEBI, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.

(G) MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year 2011-12 as required under Clause 49 of the Listing Agreement, is presented in a separate section forming part of this Annual Report.

(H) CEO / CFO CERTIFICATION

The CEO and CFO have certified to the Board with regard to the financial statements and other matters as required by Clause 49 of the Listing Agreement. The certificate is annexed to this report as Annexure II.

(I) SHAREHOLDER INFORMATION

Details of the 19th Annual General Meeting of the Company

Date: September 29, 2012

Time: 9.00 a.m.

Venue: Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi – 110 030

Financial year of the Company

The financial year of the Company covers the period from April 1 to March 31.

Tentative Calendar for the financial year 2012-13

Financial reporting for the	Tentative dates of the Board Meeting
First quarter ending June 30, 2012	before August 15, 2012
19th Annual General Meeting	September 29, 2012
Second quarter ending September 30, 2012	before November 15, 2012
Third quarter ending December 31, 2012	before January 15, 2013
Fourth quarter ending March 31, 2013	before May 15, 2013

Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 27, 2012 to Saturday, September 29, 2012 (both days inclusive) in order to determine the entitlement of the shareholders to receive the dividend, if any, for the financial year 2011-12 as well as for the purpose of AGM.

Dividend payment date

The payment of dividend, if any, shall be on or before October 27, 2012, Saturday.

Distribution of Equity Shareholding

Distribution schedule of Equity shareholding of the Company as at March 31, 2012 is as follows:

Category From		Category To	Number of Shareholders	% of total Shareholders	Total number of shares held	% of total Shareholding
1	-	2,500	1941	78.46	106,928	1.62
2,501	-	5,000	229	9.26	85,344	1.29
5,001	-	10,000	97	3.92	74,641	1.13
10,001	-	20,000	56	2.26	83,204	1.26
20,001	-	30,000	34	1.37	85,684	1.30
30,001	-	40,000	19	0.77	65,424	0.99
40,001	-	50,000	20	0.81	92,047	1.40
50,001	-	1,00,000	21	0.85	146,592	2.22
100,001	-	Above	57	2.30	5,860,136	88.79
		Total	**2,474**	**100.00**	**6,600,000**	**100.00**

Equity Shareholding pattern of the Company as at March 31, 2012 is as follows:

Category	Number of shares	% of total Shareholding
Promoter and promoter group		
Indian	3,872,226	58.67
Sub total (A)	**3,872,226**	**58.67**
Public		
FIIs	869	0.01
NRIs / Foreign Bodies Corporate	19,080	0.29
Mutual Funds / UTI	128,804	1.95
Indian Bodies Corporate	1,224,450	18.55
Individual / HUF	1,352,290	20.50
Clearing Members	2,281	0.03
Sub total (B)	**2,727,774**	**41.33**
Total Shareholding (A) + (B)	**6,600,000**	**100.00**

Stock code

BSE - 530499

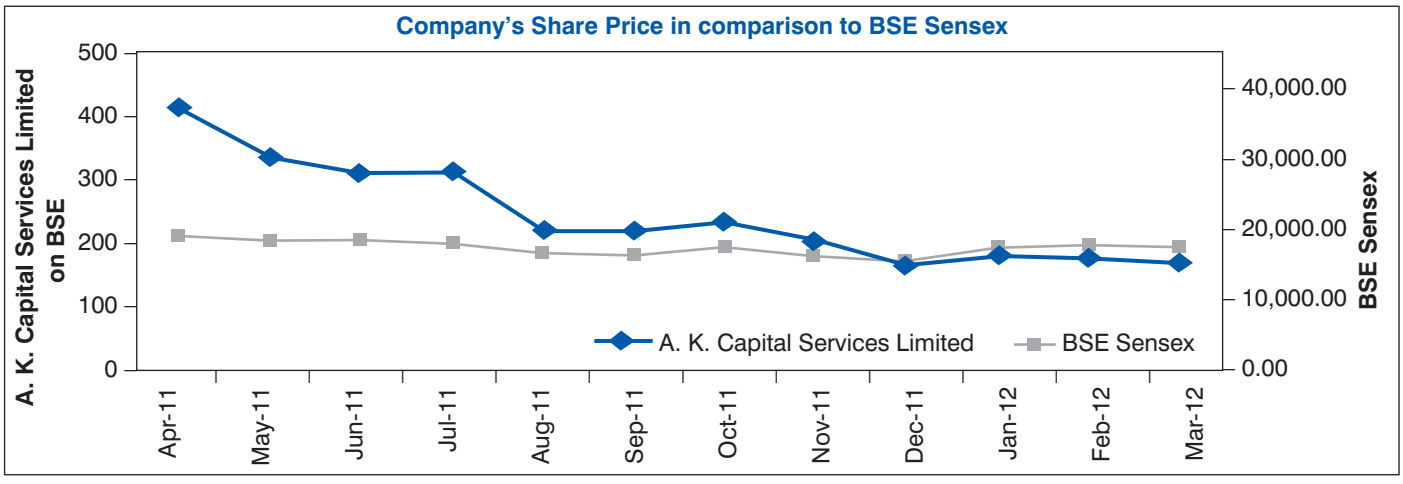
Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares: ISIN No. INE701G01012

The Company had paid the listing fees for financial year 2012-2013, to stock exchange where the shares of the Company are listed.

Stock Price Data

The table below gives the monthly high and low quotations of shares traded at Bombay Stock Exchange Limited (BSE) for the FY 2011-12. The chart below plots the monthly closing price of A. K. Capital Services Limited versus BSE-Sensex for the FY 2011-12.

Month	High Price (₹)	Low Price (₹)	No. of shares traded
April 2011	465.00	399.60	192,015
May 2011	439.50	312.00	170,357
June 2011	365.00	290.05	263,419
July 2011	341.95	303.10	112,892
August 2011	314.95	203.00	73,481
September 2011	258.90	201.00	83,929
October 2011	270.00	211.10	27,999
November 2011	255.00	194.55	16,078
December 2011	210.00	153.00	43,455
January 2012	224.90	162.80	54,538
February 2012	213.50	173.25	114,523
March 2012	198.50	155.00	197,860



Means of Communication

a) The Company has its own website and all the vital information relating to the Company and its services is displayed on its website www.akcapindia.com.

b) The quarterly / half yearly and annual financial results of the Company are regularly submitted to the stock exchange where the shares of the Company are listed in accordance with the Listing Agreement and are published in English and Hindi newspapers.

c) The following informations, statements, reports are regularly uploaded on the Company's website:

(i) Annual Report of the Company including the Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report, Cash Flow Statements, Half-Yearly Financial Statements and Quarterly Financial Statements.

(ii) Corporate Governance Report of the Company.

(iii) Shareholding Pattern of the Company.

Share transfer system

The Company's shares are compulsorily traded in dematerialized form. Transfers in physical form logged at the Registrar and Share Transfer Agent's office are processed within maximum period of 30 days, from the date of submission of all the required documents. All share transfers and other share related issues are approved in the Shareholders Grievance Committee which is normally convened as and when required.

Dematerialization of shares

As on March 31, 2012, 98.76% of the paid-up Equity Share Capital of the Company was in dematerialized form.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.

Plant Locations

The Company is in the business of providing financial services, therefore, it does not have any manufacturing plants.

Registrar and Share Transfer Agent

Abhipra Capital Limited is the Registrar and Share Transfer Agent of the Company. The Registrar and Share Transfer Agent acknowledges and executes the transfer of shares and arranges for issue of dividend Warrants and also undertakes the dematerialisation/rematerialisation of equity shares. The Registrar and Share Transfer Agent also accepts, deals with and resolves complaints of shareholders.

Address for correspondence

For any assistance, request or instruction regarding transfer or transmission of shares, dematerialization of shares, change of address, non receipt of annual report, interest/dividend warrant and any other query relating to the shares of the Company, the investors may please write to the following address:

Abhipra Capital Limited
Abhipra Complex, A-387,
Dilkhush Industrial Area,
G.T. Karnal Road,
New Delhi – 110 033
Tel: +91 11 42390990
Fax: +91 11 42390911
e-mail: rta@abhipra.com
website: www.abhipra.com

The Company Secretary
A. K. Capital Services Limited
30-39, Free Press House, 3rd Floor,
Free Press Journal Marg,
215, Nariman Point,
Mumbai – 400 021
Tel: +91 22 66349300
Fax: +91 22 66360977
e-mail: cs@akgroup.co.in
website: www.akcapindia.com

For queries relating to the financial statements and investors information, other than those relating to shares/dividend, please write to:

Mr. Pawan Kumar Agarwal
A. K. Capital Services Limited
609, Antriksh Bhawan, 6th Floor,
22, Kasturba Gandhi Marg,
New Delhi – 110 001
Tel: +91 11 23739628
Fax: +91 11 23739627
e-mail: akdelhi@akgroup.co.in
website: www.akcapindia.com

COMPLIANCE CERTIFICATE FROM THE AUDITORS

A certificate from the Auditors certifying the Company's compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed as Annexure III.

Place : Mumbai
Date : August 25, 2012

ANNEXURE I

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management, which is posted on the website of the Company. The Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct in respect of the financial year 2011-12.

By the order of the Board of Directors

A. K. Mittal
Managing Director

Place : Mumbai
Date : August 25, 2012

ANNEXURE II

CEO AND CFO CERTIFICATION

We have reviewed the financial statements and the cash flow statement for the financial year 2011-12 and to the best of our knowledge and belief, certify that:

a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading

b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which will violate the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, the deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee that there is:

a) no significant change in internal control over financial reporting during the year,

b) no significant change in accounting polices during the year under review and

c) no instances of any fraud in the Company in which the management has any role.

A. K. Mittal
Managing Director

Vikas S. Agarwal
Chief Financial Officer

Place : Mumbai
Date : August 25, 2012

ANNEXURE III
AUDITOR'S CERTIFICATE

To
The Members of
A. K. Capital Services Limited

We have examined the compliance of conditions of Corporate Governance by A. K. Capital Services Limited, for the year ended 31 March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring 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.

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

For Suresh Surana & Associates
Chartered Accountants
Firm Registration No.: 121750W

Ramesh Gupta
Partner
Membership No. : 102306

Place : Mumbai
Date : 25 August, 2012

AUDITORS' REPORT

To,
The Members of
A. K. CAPITAL SERVICES LIMITED

1. We have audited the attached balance sheet of A. K. Capital Services Limited ('the Company') as at March 31, 2012, the statement of profit and loss and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the 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 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 Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendments) Order, 2004 (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as 'the Act') and on the basis of such checks, as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 those books;

   c) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;

   e) On the basis of written representations received from the directors of the Company as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

   f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with significant accounting policies and notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;

      ii. in the case of the statement of profit and loss, of the profit of the Company for the year ended on that date; and

      iii. in the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

For Suresh Surana & Associates
Chartered Accountants
Firm Registration No.: 121750W

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : August 25, 2012

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. In respect of its fixed assets:

   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) The Company has regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner on yearly basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

   c) During the year, the Company has not disposed off substantial part of its fixed assets.

2. Considering the nature of business, the Company does not have inventory. In view of this, clauses 4 (ii) (a), 4 (ii) (b) and 4 (ii) (c) of the Order are not applicable to the Company.

3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act:

   a) The Company has granted unsecured loan to its subsidiary company covered in the register maintained under Section 301 of the Act during the year. The maximum amount outstanding during the year was ₹ 465,000,000 and year end balance was ₹ Nil.

   b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted are *prima facie*, not prejudicial to the interest of the Company.

   c) In our opinion and according to information and explanations given to us, receipt of the principal amount and interest are regular, wherever stipulated.

   d) The loans given by the Company are repayable on demand hence, there is no overdue amount.

   e) The Company has not taken loans, secured or unsecured from the companies, firms or other parties covered in the register maintained under Section 301 of the Act during the year. Accordingly, paragraph 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for sale of services. There is no purchase of inventory or sale of goods during the year. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been so entered in the register required to be maintained under that Section.

   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to ₹ 500,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Act, during the year.

7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.

8. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Act.

9. a) According to the information and the explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. There were no arrears in this respect as at March 31, 2012 for a period of more than six months from the date they became payable.

   b) According to information and explanations given to us, there are no dues of sales tax, service tax, income tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.

11. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not issued any debentures and there are no dues to financial institutions.

12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion and according to information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable to the Company.

14. In our opinion and according to the information and explanations given to us, the Company has maintained proper records in respect of transactions relating to dealing in shares, securities, debentures and other investments. As per our examination of such records, we report that timely entries had been made in such records and that shares, securities, debentures and other investments have been held by the Company in its own name.

15. According to information and explanations given to us, the Company has given guarantee for working capital demand loan taken by its subsidiary company from bank. However, in our opinion, the terms and conditions of the said loan are not prejudicial to the interest of the Company.

16. Based on information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

17. According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4(xviii) of the Order is not applicable.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money through a public issue during the year.

21. During the course of our examination of books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Suresh Surana & Associates
Chartered Accountants
Firm Registration No.: 121750W

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : August 25, 2012

BALANCE SHEET AS AT MARCH 31, 2012

		Note No.	As at 31.03.2012 ₹	As at 31.03.2011 ₹
I	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	2	66,000,000	66,000,000
	(b) Reserves and surplus	3	2,549,810,543	2,285,038,654
			2,615,810,543	2,351,038,654
2	**Non-current liabilities**			
	(a) Long-term borrowings	4	7,689,051	10,320,942
	(b) Deferred tax liabilities (net)	5	31,895,306	25,675,306
	(c) Long-term provisions	6	9,239,113	6,735,397
			48,823,470	42,731,645
3	**Current liabilities**			
	(a) Short-term borrowings	7	737,280,354	297,455,217
	(b) Trade payables	8	453,247,048	21,232,423
	(c) Other current liabilities	9	105,602,996	76,506,414
	(d) Short-term provisions	10	60,233,307	41,676,269
			1,356,363,705	436,870,323
	TOTAL		**4,020,997,718**	**2,830,640,622**
II	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets	11		
	(i) Tangible assets		405,028,954	413,961,421
	(ii) Intangible assets		–	731,453
	(b) Non-current investments	12	2,006,844,000	746,389,000
	(c) Long-term loans and advances	13	45,774,096	25,050,010
	(d) Other non-current assets	14	–	521,825
			2,457,647,050	1,186,653,709
2	**Current assets**			
	(a) Current investments	15	948,747,549	698,784,010
	(b) Trade receivables	16	540,698,604	658,794,259
	(c) Cash and bank balances	17	33,935,606	44,175,173
	(d) Short-term loans and advances	18	39,551,801	241,638,507
	(e) Other current assets	19	417,108	594,964
			1,563,350,668	1,643,986,913
	TOTAL		**4,020,997,718**	**2,830,640,622**
	Significant accounting policies	1		

The notes referred above form an integral part of the financial statements

As per our report of even date attached

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 25, 2012

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Note No.	Current Year ₹	Previous Year ₹
I	Revenue from operations	20	1,377,131,251	1,517,231,066
II	Other income	21	58,000,723	49,088,388
III	**Total revenue (I+II)**		**1,435,131,974**	**1,566,319,454**
IV	**Expenses**			
	Employee benefits expense	22	238,227,806	150,360,358
	Finance cost	23	56,075,286	102,551,216
	Depreciation / amortisation expenses		14,154,483	13,757,065
	Other expenses	24	656,200,854	488,947,255
	Total expenses		**964,658,429**	**755,615,894**
V	**Profit before tax (III-IV)**		**470,473,545**	**810,703,560**
VI	**Tax expenses**			
	- current tax		147,124,348	259,912,413
	- deferred tax		6,220,000	7,348,155
	- prior period tax adjustments		6,333,198	5,422,489
			159,677,546	**272,683,057**
VII	**Profit after tax (V-VI)**		**310,795,999**	**538,020,503**
	Basic earnings per share		47.09	81.52
	Diluted earnings per share		47.09	81.52
	Nominal value of equity shares		10	10
	Significant accounting policies	1		

The notes referred above form an integral part of the financial statements

As per our report of even date attached

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 25, 2012

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Current Year ₹	Previous Year ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**470,473,545**	**810,703,560**
Adjustments for		
Depreciation / amortisation	14,154,483	13,757,065
Loss / (profit) on sale of fixed assets (net)	994,817	1,144,368
Interest income on short term investments	(32,029,265)	(57,303,271)
Interest income - others	(21,553,451)	(17,620,644)
Interest expenses	53,697,536	101,260,708
Profit on sale of current investments (net)	(114,639,054)	(609,639,610)
Dividend income on short term investments	(2,906,964)	(5,244,054)
Bad debts written-off	6,374,041	11,030,405
Balances written back (net)	(796,112)	(32,692)
Operating profit before working capital adjustments	**373,769,576**	**248,055,835**
Adjustments for		
(Increase) / decrease in trade and othe receivables	102,907,617	(612,344,146)
Increase / (decrease) in trade and other payables	456,730,455	(98,571,374)
Cash generated from operations	**933,407,648**	**(462,859,685)**
Direct taxes paid	(158,344,867)	(232,072,932)
Net cash generated from operating activities	**775,062,781**	**(694,932,617)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,585,380)	(26,643,064)
Sale of fixed assets	100,000	6,430,110
(Purchase) / sale of investments (net)	(1,395,779,485)	765,530,494
Advance for investments	–	69,300,000
Deposits with bank with more than 3 months maturity	86,024	(529,160)
Loan advanced / repaid to / by subsidiary	200,000,000	(200,000,000)
Dividend income on short term investments	2,906,964	5,244,054
Interest income on short term investments	22,362,123	62,802,154
Interest income - others	21,701,397	17,472,698
Net cash generated from / (used in) investing activities	**(1,154,208,357)**	**699,607,286**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayment) of borrowings (net)	440,660,443	135,443,375
Interest paid	(49,036,253)	(97,753,143)
Dividend paid	(19,800,000)	(59,400,000)
Dividend distribution tax paid	(3,212,055)	(10,018,553)
Net cash generated from / (used in) financing activities	**368,612,135**	**(31,728,321)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(10,533,441)**	**(27,053,652)**
Cash and cash equivalents at the beginning of the year	43,206,011	70,259,663
Cash and cash equivalents at the end of the year	**32,672,570**	**43,206,011**

Notes:-

1. The above cash flow statement has been prepared under 'Indirect Method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statement' notified by Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached
For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 25, 2012

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government of India, to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956.

b) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets:

Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The capitalised cost includes license fes and cost of implementation / system integration services.

d) Depreciation / amortisation:

Tangible assets

Depreciation on tangible fixed assets has been provided on straight-line method on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

Leasehold improvements are amortised over the lease period.

Intangible assets

Software is amortised over a period of 3 years.

e) Investments:

i) Long-term investments are valued at cost. Provision is made for diminution in the values when the decline is other than temporary.

ii) Current investments are valued at lower of cost or market value determined on an individual investment basis.

f) Revenue recognition:

Revenue from service charges, fees and commission is recognised when the contract has been completed.

Investment income is recognised on the date of sale of securities.

Interest income is recognised on accrual basis.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rent income is recognised on accrual basis.

g) Transaction in foreign currencies:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement / translation of monetary assets and liabilities are recognized in the statement of profit and loss. Non-monetary foreign currency items are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

h) Retirement benefits:

i. Defined contribution plans

The Company contributes to Employees' Provident Fund (a defined contribution plan) towards post employment benefits, which is administered by the respective Government authorities and the Company has no further obligation beyond making its contribution.

ii. Defined benefit plans

The Company has a defined benefit plan namely gratuity for all its employees. The liability for the defined benefit plan of gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses are recognized immediately in the statement of profit and loss.

iii. Employee leave entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided as at the year end and charged to the statement of profit and loss.

i) Accounting for taxes on income:

i) Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-tax Act, 1961.

ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual / reasonable certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

j) Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on straight-line basis over the lease term.

k) Borrowing costs:

Borrowing costs attributable to the acquisition and construction of qualifying assets upto the date of such acquisition or construction are capitalised as part of the cost of respective assets. Other borrowing costs are charged to statement of profit and loss in the period in which they are incurred.

l) Impairment of assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

m) Provisions and contingent liabilities:

The Company creates a provision when there is a present obligation as result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

n) Earnings per share:

The basic earnings per share ("EPS") is computed by dividing the net profit / (loss) after tax for the year available for the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year available for equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 2		
SHARE CAPITAL		
Authorised		
33,000,000 (Previous year 33,000,000) Equity Shares of ₹ 10 each	330,000,000	330,000,000
200,000 (Previous year 200,000) Redeemable cumulative preference shares of ₹ 100 each	20,000,000	20,000,000
	350,000,000	**350,000,000**
Issued, subscribed and paid-up		
6,600,000 (Previous year 6,600,000) Equity shares of ₹ 10 each fully paid-up	66,000,000	66,000,000
	66,000,000	**66,000,000**

a Reconciliation of the shares outstanding at the beginning and at the year end

Equity Shares	As at 31.03.2012		As at 31.03.2011	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Shares outstanding at the beginning of the year	6,600,000	66,000,000	6,600,000	66,000,000
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	**6,600,000**	**66,000,000**	**6,600,000**	**66,000,000**

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount per share final dividend recognised as distributions to equity shareholders is ₹ 6; (Previous year ₹ 3 - final dividend, ₹ 3 - interim dividend).

In the event of the liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of shares held	% of holding	No. of shares held	% of holding
A. K. Capital Markets Limited	957,000	14.50%	957,000	14.50%
A. K. Services Private Limited	860,300	13.04%	860,300	13.04%
Second Leasing Private Limited	737,370	11.17%	737,370	11.17%
A. K. Mittal	506,818	7.68%	506,818	7.68%
A. M. Credit Analysis and Research Limited	371,000	5.62%	371,000	5.62%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 3		
RESERVES AND SURPLUS		
Capital reserve		
Opening balance	67,500,000	67,500,000
Add: Additions during the year	–	–
Closing balance	**67,500,000**	**67,500,000**
Securities premium account		
Opening balance	344,000,000	344,000,000
Add: Additions during the year	–	–
Closing balance	**344,000,000**	**344,000,000**
General reserve		
Opening balance	372,088,960	312,088,960
Add: Additions during the year	32,500,000	60,000,000
Closing balance	**404,588,960**	**372,088,960**
Surplus in statement of profit and loss		
Opening balance	1,501,449,694	1,069,529,779
Add: Profit for the year	310,795,999	538,020,503
Amount available for appropriation	**1,812,245,693**	**1,607,550,282**
Appropriations:		
Interim dividends	–	19,800,000
Proposed dividend	39,600,000	19,800,000
Dividend Distribution tax	6,424,110	6,500,588
Transfer to general reserves	32,500,000	60,000,000
Closing balance	1,733,721,583	1,501,449,694
	2,549,810,543	**2,285,038,654**
NOTE 4		
LONG TERM BORROWINGS		
Secured		
Term loans		
From banks*	6,843,013	10,320,942
From non-banking financial company (NBFC)**	846,038	–
	7,689,051	**10,320,942**

*Vehicle loans from banks are repayable in 36 equated monthly instalments alongwith interest from the date of loan. The loans are secured by hypothecation of motor vehicle purchased there against.

**Vehicle loan from NBFC is repayable in 36 equated monthly instalments alongwith interest from the date of loan. The loan is secured by hypothecation of motor vehicle purchased there against.

NOTE 5		
DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Depreciation	34,951,244	27,901,357
	34,951,244	**27,901,357**
Less: Deferred tax assets:		
Expenses allowable on payment basis (gratuity)	3,055,938	2,226,051
	3,055,938	2,226,051
	31,895,306	**25,675,306**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 6		
LONG TERM PROVISIONS		
For employee benefits		
Gratuity (unfunded)	9,239,113	6,735,397
	9,239,113	**6,735,397**
NOTE 7		
SHORT TERM BORROWINGS		
Secured		
Other loans and advances		
Working capital loan from NBFC*	300,000,000	–
Bank overdraft**	437,280,354	297,455,217
	737,280,354	**297,455,217**

*Working capital loan from NBFC is secured against mortgage of the Company's immovable property together with all structures and appurtenances thereon held by the Company situated at 8th Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021. The above loan amount is repayable in lump sum at the end of the term of loan of 12 months.

**Bank overdraft is secured against debt securities and personal guarantee of two directors of the company. The loan is repayable on demand.

NOTE 8		
TRADE PAYABLES		
Total outstanding dues of micro and small enterprises (Refer note no. 34)	–	–
Total outstanding dues of creditors other than micro, and small enterprises	453,247,048	21,232,423
	453,247,048	**21,232,423**
NOTE 9		
OTHER CURRENT LIABILITIES		
Current maturities of long-term debt - from banks (Refer note no.4)	10,528,121	7,611,020
Current maturities of long-term debt - NBFC (Refer note no.4)	550,096	–
Interest accrued and due on short term borrowings	2,470,216	764,912
Interest accrued but not due on short term borrowings	2,080,327	–
Creditors for capital goods	67,000	–
Unpaid dividends*	760,609	851,735
Statutory dues	21,467,615	21,142,328
Deposits	35,640,000	35,640,000
Employees dues	27,575,773	6,908,832
Other payables	4,463,239	3,587,587
	105,602,996	**76,506,414**

*During the year, ₹ 38,790 has been credited into Investor Education and Protection Fund under Section 205C of the Companies Act, 1956. There are no dues as at March 31, 2012 which needs to be credited into Investor Education and Protection Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 10		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity (unfunded)	178,260	125,603
Leave encashment	635,945	256,298
	814,205	381,901
Others		
Provision for taxation (net of advance tax ₹ 644,124,975; previous year ₹ 700,919,121)	13,394,992	18,282,313
Provision for proposed dividend	39,600,000	19,800,000
Provision for dividend distribution tax	6,424,110	3,212,055
	59,419,102	41,294,368
	60,233,307	**41,676,269**

NOTE 11

FIXED ASSETS

(Amount in ₹)

Particulars	Tangible assets									Intangible assets	
	Plant and machinery	Computers	Furniture and fixtures	Office equipment	Office buildings	Office premises under lease	Leasehold improve-ments	Vehicles	Total	Software	Total
Gross block (at cost)											
As at 1 April 2010	369,060	9,829,644	18,590,593	10,737,806	23,186,089	343,500,152	14,971,303	33,260,921	454,445,568	2,393,849	2,393,849
Additions	–	2,647,161	1,620,880	1,162,854	–	–	–	21,212,169	26,643,064	–	–
Deductions/adjustments	–	–	–	–	2,574,950	–	–	9,099,795	11,674,745	–	–
As at 31 March, 2011	**369,060**	**12,476,805**	**20,211,473**	**11,900,660**	**20,611,139**	**343,500,152**	**14,971,303**	**45,373,295**	**469,413,887**	**2,393,849**	**2,393,849**
As at 1 April 2011	369,060	12,476,805	20,211,473	11,900,660	20,611,139	343,500,152	14,971,303	45,373,295	469,413,887	2,393,849	2,393,849
Additions	–	667,373	26,000	163,781	–	–	–	4,728,226	5,585,380	–	–
Deductions/adjustments	–	–	–	–	–	–	–	2,182,754	2,182,754	–	–
As at 31 March, 2012	**369,060**	**13,144,178**	**20,237,473**	**12,064,441**	**20,611,139**	**343,500,152**	**14,971,303**	**47,918,767**	**472,816,513**	**2,393,849**	**2,393,849**
Depreciation/amortisation											
As at 1 April 2010	261,469	7,306,513	2,952,406	2,049,017	2,570,110	9,909,555	14,891,719	6,652,829	46,593,618	864,446	864,446
For the year	17,532	1,224,734	1,234,795	811,793	336,539	5,599,052	79,584	3,655,086	12,959,115	797,950	797,950
Deductions/adjustments	–	–	–	–	566,194	–	–	3,534,073	4,100,267	–	–
As at 31 March, 2011	**279,001**	**8,531,247**	**4,187,201**	**2,860,810**	**2,340,455**	**15,508,607**	**14,971,303**	**6,773,842**	**55,452,466**	**1,662,396**	**1,662,396**
As at 1 April 2011	279,001	8,531,247	4,187,201	2,860,810	2,340,455	15,508,607	14,971,303	6,773,842	55,452,466	1,662,396	1,662,396
For the year	17,530	1,243,662	1,300,595	575,142	335,962	5,599,052	–	4,351,087	13,423,030	731,453	731,453
Deductions/adjustments	–	–	–	–	–	–	–	1,087,937	1,087,937	–	–
As at 31 March, 2012	**296,531**	**9,774,909**	**5,487,796**	**3,435,952**	**2,676,417**	**21,107,659**	**14,971,303**	**10,036,992**	**67,787,559**	**2,393,849**	**2,393,849**
Net block											
At 31 March, 2011	90,059	3,945,558	16,024,272	9,039,850	18,270,684	327,991,545	–	38,599,453	413,961,421	731,453	731,453
At 31 March, 2012	**72,529**	**3,369,269**	**14,749,677**	**8,628,489**	**17,934,722**	**322,392,493**	**–**	**37,881,775**	**405,028,954**	**–**	**–**

Notes:

1. Office buildings includes premises on leasehold land having net block of ₹ 322,392,493 (as at 31.3.2011 ₹ 327,991,545)
2. Vehicles include vehicles hypothecated against loan taken having net block of ₹ 29,863,257 (as at 31.3.2011 ₹ 28,246,966)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Face Value ₹	As at 31.03.2012 Numbers	As at 31.03.2012 ₹	As at 31.03.2011 Numbers	As at 31.03.2011 ₹
NOTE 12					
NON CURRENT INVESTMENTS					
Trade - unquoted-subsidiaries - fully paid-up					
Equity Shares of A.K. Stockmart Private Limited	10	12,000,000	120,000,000	12,000,000	120,000,000
Equity Shares of A. K. Capital Corporation Private Limited	10	2,100,000	21,000,000	2,100,000	21,000,000
Equity Shares of A.K. Capital Finance Private Limited	10	14,648,740	1,764,874,000	4,648,740	514,874,000
Equity Shares of A.K. Wealth Management Private Limited	10	2,250,000	22,500,000	2,250,000	22,500,000
			1,928,374,000		678,374,000
Unquoted - others - fully paid-up					
Equity Shares of Intelligroup Advisors Private Limited	10	4,600	46,000	4,600	46,000
Equity Shares of A.K. Capital Retail Private Limited	10	1,000	10,000	1,000	10,000
Equity Shares of A.K. Commodities Private Limited	10	3,000	30,000	3,000	30,000
Equity Shares of A.M. Care Limited	10	100	1,000	100	1,000
Equity Shares of Sunrise Corporate Services Limited	10	100,000	1,000,000	100,000	1,000,000
Equity Shares of India Bond Private Limited	10	800	8,000	800	8,000
Equity Shares of Nessa Leisure Limited	10	415,000	68,100,000	350,000	57,050,000
Non trade, unquoted - others					
Units of Urban Infrastructure	100,000	70	9,275,000	70	9,870,000
			78,470,000		68,015,000
TOTAL			**2,006,844,000**		**746,389,000**
Aggregate amount of unquoted investments			**2,006,844,000**		**746,389,000**

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 13		
LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital advances	8,121,970	–
Deposits	36,602,105	24,524,105
Other loans and advances		
Advances to employees	1,039,908	351,391
Prepaid expenses	10,113	174,514
	45,774,096	**25,050,010**
NOTE 14		
OTHER NON-CURRENT ASSETS		
Other bank balances (Refer note no.17)		
Bank deposits with more than 12 months maturity	–	500,000
Interest receivable	–	21,825
	–	**521,825**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Face Value ₹	As at 31.03.2012 Numbers	As at 31.03.2012 ₹	As at 31.03.2011 Numbers	As at 31.03.2011 ₹
NOTE 15					
CURRENT INVESTMENTS					
Non trade, quoted (fully paid-up) - current					
Equity Shares					
Shamken Spinners Limited	10	8,500	9,010	8,500	9,010
Bonds					
11% Dewan Housing Finance Corporation Limited	100,000	–	–	7,500	698,775,000
10.29% West Bengal State Electricity Transmission Company Limited-2021	1,000,000	95	97,392,565	–	–
11% Dewan Housing Finance Corporation Limited	100,000	5,000	500,276,028	–	–
11.40% The Lakshmi Vilas Bank Limited	1,000,000	2	2,000,000	–	–
11.90% SREI Infrastructure Finance Limited	100,000	3,396	339,869,946	–	–
12.25% Cholamandalam Investment and Finance Company Limited	1,000,000	2	2,000,000	–	–
9% NTPC Limited	200,000	36	7,200,000	–	–
TOTAL			**948,747,549**		**698,784,010**
Aggregate amount of quoted investments					
Equity			9,010		9,010
Bonds			948,738,539		698,775,000
Aggregate market value of quoted investments					
Equity			9,010		9,010
Bonds*			948,738,539		698,775,000

*Bonds are valued at cost as the market value is not available.
(Refer note no. 26)

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 16		
TRADE RECEIVABLES		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	536,215,340	658,794,259
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	4,483,264	–
	540,698,604	**658,794,259**
NOTE 17		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks	31,731,039	41,498,743
Cash on hand	941,531	1,707,268
	32,672,570	43,206,011
Other bank balances:		
Bank deposits with less than 12 months maturity*	500,000	115,000
Earmarked balances (unpaid dividend accounts)	763,036	854,162
	1,263,036	969,162
	33,935,606	**44,175,173**

*lying with bank against margin money ₹ 560,698; previous year ₹ 521,825

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 18		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties		
Loan to a subsidiary company	–	200,000,000
Deposits with directors and relative	35,662,000	35,662,000
Loans and advances to others		
Loans and advances to other parties	82,489	146,268
Deposits	2,657,300	2,467,300
Prepaid expenses	1,150,012	1,497,341
Balances with government authorities	–	1,865,598
	39,551,801	**241,638,507**
NOTE 19		
OTHER CURRENT ASSETS		
Current maturities of long term loans and advances	356,410	437,121
Interest accured and due on short term loans and advances to related parties	–	147,946
Interest receivable on fixed deposit (Refer note no. 17)	60,698	9,897
	417,108	**594,964**

	Current Year ₹	Previous Year ₹
NOTE 20		
REVENUE FROM OPERATIONS		
Sale of services	1,227,555,968	845,044,131
Interest income	32,029,265	57,303,271
Profit / (Loss) on sale of current investments (net)	114,639,054	609,639,610
Dividend income on short term investments	2,906,964	5,244,054
	1,377,131,251	**1,517,231,066**
NOTE 21		
OTHER INCOME		
Rent income	35,640,000	31,328,710
Interest income	21,553,451	17,620,644
Other non operating income	807,272	139,034
	58,000,723	**49,088,388**
NOTE 22		
EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	234,125,725	147,776,357
Contribution to provident fund	382,497	159,337
Staff welfare expenses	3,719,584	2,424,664
	238,227,806	**150,360,358**
NOTE 23		
FINANCE COST		
Interest expenses	52,821,884	97,673,121
Others borrowing costs	2,377,750	1,290,508
Interest on income tax	875,652	3,587,587
	56,075,286	**102,551,216**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 24		
OTHER EXPENSES		
Electricity expenses	4,021,265	3,934,040
Rent expenses	73,215,320	68,335,189
Repairs and maintenance:		
- building	8,402,540	11,238,618
- others	2,000,898	4,262,385
Rates and taxes	2,606,497	4,297,664
Travelling expenses	13,198,211	12,057,230
Auditor's remuneration:		
As auditor	235,000	220,000
for other services	123,000	142,000
Professional fees	12,656,412	64,318,629
Printing and stationery expenses	8,533,354	10,059,539
Bad debts	6,374,041	11,030,405
Advertisement expenses	9,774,765	18,581,368
Business promotion expenses	13,677,085	21,554,638
Incentive expenses	17,850,352	12,593,475
Sub arranger fees	464,731,778	234,984,247
Miscellaneous expenses	18,800,336	11,337,828
	656,200,854	**488,947,255**
NOTE 25		
CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)		
Corporate guarantee given to a bank in respect of working capital demand loan taken by a subsidiary company	1,500,000,000	–
	1,500,000,000	**–**

NOTE 26

FOLLOWING ARE THE DETAILS OF SECURITIES PLEDGED WITH THE BANK AS ON MARCH 31, 2012:

Name of securities	Number	Amount (₹)
11.90% SREI Infrastructure Finance Limited	3,390	339,869,946
11% Dewan Housing Finance Corporation Limited	2,500	250,000,000
Total	**5,890**	**589,869,946**

	Current Year ₹	Previous Year ₹
NOTE 27		
DETAILS OF SALES OF SERVICES		
Merchant banking fees	1,226,920,204	844,799,892
Brokerage received	635,764	244,239
	1,227,555,968	**845,044,131**
NOTE 28		
EXPENDITURE IN FOREIGN CURRENCY		
Travelling expenses	425,474	–
	425,474	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 29

Consequent to the adoption of Accounting Standard 15 (AS 15 Revised 2005) on employee benefits, the following disclosures have been made as required by the standards :

(i) Retirement benefits in the form of Provident fund are defined contribution scheme and the contributions are charged to the statement of profit and loss of the current year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

(ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.

	Current Year ₹	Previous Year ₹
Change in present value of obligation		
Present value of obligation as at 1 April	6,861,000	4,648,243
Interest cost	548,880	371,859
Service cost	1,965,322	1,294,903
Benefits paid	–	–
Actuarial (gain) / loss on obligation	42,171	545,995
Present value of obligation as at period / year end	9,417,373	6,861,000
Amount recognised in the balance sheet		
Present value of obligation, as at year end	9,417,373	6,861,000
Fair value of plan assets as at year end	–	–
Assets recognised in the balance sheet	–	–
Liabilities recognised in the balance sheet	9,417,373	6,861,000
Net gratuity cost		
Current service cost	1,965,322	1,294,903
Interest cost	548,880	371,859
Expected return on plan assets	–	–
Net actuarial (gain) / loss to be recognised	42,171	545,995
Net gratuity cost (included in contribution to provident and other funds)	2,556,373	2,212,757
Assumptions used in accounting for the gratuity plan		
Mortality	LIC	LIC
	(1994-96)	(1994-96)
Discount rate	8%	8%
Salary escalation rate	5%	5%
Expected rate of return on plan assets	–	–

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE 30

SEGMENT REPORTING

The Company operates in a single business and geographical segment i.e. “Providing Merchant Banking Services” within India. Accordingly, no separate disclosures for primary business and secondary geographical segment are required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31

RELATED PARTY DISCLOSURES:

i Related party relationships:

Subsidiaries

A.K. Stockmart Private Limited (wholly owned)

A.K. Capital Corporation Private Limited (wholly owned)

A.K. Wealth Management Private Limited (wholly owned) (w.e.f. May 12, 2010)

A.K. Capital Finance Private Limited

Key managerial personnel

Mr. Atul Kumar Mittal

Mr. Deepak Mittal

Relative of key management personnel

Mrs. Anshu

Mr. Abhinav Kumar Mittal

Notes:

a The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS) - 18 'Related Party Disclosures' and the same have been relied upon by the auditors.

b The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the relatives.

ii Transactions with related parties:

Details of related party transactions are as follows:

	Current Year ₹	Previous Year ₹
Transactions with related parties:		
Investments in share capital (including securities premium)		
A. K. Capital Finance Private Limited	1,250,000,000	250,000,000
A. K. Wealth Management Private Limited	–	22,420,000
Inter corporate deposits given		
A. K. Capital Finance Private Limited	300,000,000	650,000,000
Inter corporate deposits received back		
A. K. Capital Finance Private Limited	500,000,000	450,000,000
Interest received		
A. K. Capital Finance Private Limited	21,386,610	17,304,112
Director's remuneration (including perquisites)		
A. K. Mittal	29,896,000	46,296,000
Deepak Mittal	13,866,840	3,281,080
Brokerage expense		
A. K. Stockmart Private Limited	236,641	1,723,467
Sub-arranger fees		
A. K. Stockmart Private Limited	406,638,647	–
Demat charges		
A. K. Stockmart Private Limited	341	1,653
Rent expense		
A. K. Mittal	6,408,000	4,728,000
Anshu	3,528,000	3,528,000
Abhinav Kumar Mittal	5,169,600	5,169,600
Director's sitting fees		
Anshu	40,000	40,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Current Year ₹	Previous Year ₹
Rent deposit given outstanding as at year end		
A. K. Mittal	16,250,000	16,250,000
Anshu	7,450,000	7,450,000
Abhinav Kumar Mittal	11,962,000	11,962,000
Corporate guarantee given to a bank in respect of working capital demand loan taken by a subsidiary company		
A. K. Capital Finance Private Limited	1,500,000,000	–
Loans and advances to related parties outstanding as at year end		
A. K. Capital Finance Private Limited	–	200,000,000
Interest accrued and due on short term loans and advances to related parties as at year end		
A. K. Capital Finance Private Limited		147,946
Trade payable as at year end		
A. K. Stockmart Private Limited	448,522,428	–
A. K. Mittal	10,000	10,000
Deepak Mittal	6,910	6,910
Anshu	9,000	9,000

NOTE 32
LEASES

i Where the Company is lessee:

The Company has taken various office premises under operating lease that are renewable on a periodic basis at the option of both the lessor and lessee.

The future minimum lease payments as per the lease agreements are as follows:

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Not later than one year	18,283,800	5,829,600
Later than one year and not later than five years	17,065,620	971,600

Notes:

The amount of minimum lease payments with respect to the above lease recognised in the statement of profit and loss for the year is ₹ 5,895,420 (previous year ₹ 1,943,200).

Above disclosure is for leases entered after 1 April, 2001, as per Accounting Standard (AS) - 19 'Leases' issued by the Institute of Chartered Accountants of India.

ii Where the Company is lessor:

The future minimum lease payments receivable as per the lease agreements are as follows:

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Not later than one year	–	22,131,290

The amount of minimum lease income with respect to the above lease recognised in the statement of profit and loss for the period is ₹ 22,131,290 (previous year ₹ 31,328,710).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 33
EARNINGS PER SHARE:

	Current Year	Previous Year
Net profit after tax as per statement of profit and loss (₹)	310,795,999	538,020,503
Weighted average number of equity shares outstanding during the year for basic earnings per share (No.)	6,600,000	6,600,000
Basic and diluted earning for the year (₹)	47.09	81.52
Nominal value of share (₹)	10.00	10.00

NOTE 34
The Company has not received any intimation from its suppliers regarding their registration under the 'Micro, Small and Medium Enterprises Development Act, 2006'. Hence, no disclosure has been made.

NOTE 35
There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) – 28 'Impairment of Assets'.

NOTE 36
In the opinion of management, current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably stated.

NOTE 37
Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for the preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, has become applicable to the Company. Therefore, the Company has re-classified previous year figures to conform to the current year's presentation.

Signatures to 1 to 37

As per our report of even date attached

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 25, 2012

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

AUDITORS' REPORT

To,
The Board of Directors of
A. K. CAPITAL SERVICES LIMITED

1. We have audited the attached consolidated balance sheet of A. K. Capital Services Limited and its subsidiaries (the 'Group') as at March 31, 2012, the consolidated statement of profit and loss and also the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated 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 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. We did not audit the financial statements of the subsidiary companies, namely, A. K. Stockmart Private Limited, A. K. Capital Corporation Private Limited and A. K. Wealth Management Private Limited, whose financial statements reflect total assets of ₹ 817,240,702 as at March 31, 2012, total revenue of ₹ 804,225,916 and net cash outflows amounting to ₹ 48,822,196 for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries, is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the A. K. Capital Services Limited's management in accordance with the requirements of Accounting Standard (AS) - 21, 'Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of reports of other auditors and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements read together with the significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;

   b) in the case of the consolidated statement of profit and loss, of the profit of the Group for the year ended on that date; and

   c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Suresh Surana & Associates
Chartered Accountants
Firm Registration No.: 121750W

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : August 25, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

		Note No.	As at 31.03.2012 ₹	As at 31.03.2011 ₹
I	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	2	66,000,000	66,000,000
	(b) Reserves and surplus	3	2,696,267,891	2,364,172,200
			2,762,267,891	2,430,172,200
	Minority interest		37,584,197	21,555,958
2	**Non-current liabilities**			
	(a) Long-term borrowings	4	7,689,051	10,320,942
	(b) Deferred tax liabilities (net)	5	31,536,793	26,139,880
	(c) Long-term provisions	6	10,645,041	7,242,850
			49,870,885	43,703,672
3	**Current liabilities**			
	(a) Short-term borrowings	7	1,995,616,181	297,455,217
	(b) Trade payables	8	590,679,626	29,954,396
	(c) Other current liabilities	9	120,741,355	83,972,748
	(d) Short-term provisions	10	94,516,504	41,623,984
			2,801,553,666	453,006,345
	TOTAL		**5,651,276,639**	**2,948,438,175**
II	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets	11		
	(i) Tangible assets		407,213,702	417,155,153
	(ii) Intangible assets		1,720,899	3,707,127
	(b) Goodwill on consolidation		19,636,801	8,756,790
	(c) Non-current investments	12	633,519,565	625,780,737
	(d) Long-term loans and advances	13	117,643,152	57,262,649
	(e) Other non-current assets	14	27,400,000	21,421,825
			1,207,134,119	1,134,084,281
2	**Current assets**			
	(a) Current investments	15	948,747,549	698,784,010
	(b) Inventories	16	2,534,158,492	8,947,389
	(c) Trade receivables	17	675,393,173	672,872,234
	(d) Cash and bank balances	18	125,456,236	164,266,333
	(e) Short-term loans and advances	19	146,921,344	255,458,784
	(f) Other current assets	20	13,465,726	14,025,144
			4,444,142,520	1,814,353,894
	TOTAL		**5,651,276,639**	**2,948,438,175**
	Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 25, 2012

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Note No.	Current Year ₹	Previous Year ₹
I	Revenue from operations	21	1,945,871,919	1,612,310,914
II	Other Income	22	38,984,531	51,686,850
III	**Total revenue (I+II)**		**1,984,856,450**	**1,663,997,764**
IV	**Expenses**			
	Employee benefits expense	23	308,272,098	190,332,927
	Finance cost	24	92,628,987	110,565,790
	Depreciation / amortisation expenses		16,653,906	16,107,217
	Other expenses	25	981,423,113	503,062,139
	General provision on standard assets		382,223	530,908
	Total expenses		**1,399,360,327**	**820,598,981**
V	**Profit before tax (VII-VIII)**		**585,496,123**	**843,398,783**
VI	**Tax expenses**			
	- current tax		190,070,208	266,048,744
	- deferred tax		5,396,913	7,676,446
	- prior period tax adjustments		6,760,973	5,125,529
			202,228,094	**278,850,719**
VII	**Profit after tax and before minority interest (V-VI)**		**383,268,029**	**564,548,064**
	Share of minority interest		(2,762,120)	4,106,652
VIII	**Profit after tax and minority interest**		380,505,909	568,654,716
	Adjustment on account of further investment in subsidiary company		524,345	(1,358,906)
IX	**Profit for the year**		**381,030,254**	**567,295,810**
	Basic earnings per share		57.65	86.16
	Diluted earnings per share		57.65	86.16
	Nominal value of equity shares		10	10
	Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 25, 2012

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Current Year ₹	Previous Year ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**585,496,123**	**843,398,783**
Adjustments for		
Depreciation / amortisation	16,653,906	16,107,217
Loss/(profit) on sale of fixed assets (net)	994,817	1,144,368
Interest income on short term investments	(94,325,409)	(54,777,369)
Interest income - others	(2,126,954)	(19,066,455)
Interest expenses	86,200,604	109,261,279
General provision for standard assets	382,223	530,908
Profit on sale of current investments (net)	(95,262,150)	(649,973,698)
Dividend income on short term investments	(6,421,546)	(7,260,338)
Dividend income on long term investments	(9,288,646)	(2,290,868)
Bad debts written-off	7,590,160	11,045,998
Balances written back (net)	(796,112)	(32,692)
Operating profit before working capital adjustments	**489,097,016**	**248,087,133**
Adjustments for		
(Increase)/decrease in trade and othe receivables	58,590,888	(827,336,249)
(Purchase)/ sale of inventory	(2,525,211,103)	252,847,546
Increase/(decrease) in trade and other payables	587,989,755	(86,939,226)
Cash generated from operations	**(1,389,533,444)**	**(413,340,796)**
Direct taxes paid	(167,866,099)	(244,356,458)
Net cash generated from operating activities	**(1,557,399,543)**	**(657,697,254)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,821,044)	(31,432,060)
Sale of fixed assets	100,000	6,430,110
(Purchase) / sale of investments (net)	(1,312,440,217)	374,471,579
Advance for investments	–	69,300,000
Deposits with bank with more than 3 months maturity	51,310,557	(84,519,263)
Dividend income on short term investments	6,421,546	7,260,338
Dividend income on long term investments	9,288,646	2,290,868
Interest income on short term investments	74,415,307	60,608,883
Interest income - others	2,126,954	19,066,455
Net cash generated from/(used in) investing activities	**(1,174,598,251)**	**423,476,910**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Securities premium received	1,150,000,000	257,025,000
Proceeds/(repayment) of borrowings (net)	1,698,996,270	135,443,375
Interest paid	(75,416,660)	(105,525,045)
Dividend paid	(19,800,000)	(59,400,000)
Dividend distribution tax paid	(3,212,055)	(10,018,553)
Net cash generated from/(used in) financing activities	**2,750,567,555**	**217,524,777**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**18,569,761**	**(16,695,567)**
Cash and cash equivalents at the beginning of the year	79,297,171	95,992,738
Cash and cash equivalents at the end of the year	**97,866,932**	**79,297,171**

Notes:-

1. The above cash flow statement has been prepared under 'Indirect Method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statement' notified by Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached
For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 25, 2012

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of consolidated financial statements:

These consolidated financial statements have been prepared on the basis of historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standard (AS)-21 'Consolidated Financial Statements' notified under the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements are presented in Indian rupees.

b) Principles of consolidation:

a) The consolidated financial statements include the financial statements of A.K. Capital Services Limited, the parent company (hereinafter referred to as the 'Company') and its subsidiaries (collectively referred to as the 'Group').

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the parent company and the subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.

ii) Transactions relating to statement of profit and loss of the acquired subsidiaries have been included in the Consolidated statement of profit and loss from the effective date of acquisition.

b) The excess of the cost of acquisition of investments in the subsidiaries over the acquired portion of equity in the subsidiaries is recognised in the financial statements as 'goodwill'. The excess of acquired portion of equity in subsidiaries over the cost of acquisition of investments in the subsidiaries is recognised in the financial statements as 'capital reserve'.

c) Minority interest in the net assets of consolidated subsidiaries consists of:

- the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
- the minorities' share of movements in equity since the date the parent and subsidiary relationship came into existence.

d) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

e) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

c) Fixed assets:

Tangible assets:

Tangible assets are stated at cost less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

Intangible assets:

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The capitalised cost includes license fees and cost of implementation / system integration services.

d) Depreciation and amortisation:

Tangible assets:

Depreciation on tangible assets has been provided on straight-line method (except in the case of A. K. Stockmart Private Limited and A. K. Wealth Management Private Limited) on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

In case of A. K. Stockmart Private Limited and A. K. Wealth Management Private Limited, depreciation on tangible assets has been provided on Written Down method on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

Leasehold improvements are amortised over the lease period.

Intangible assets:

Software is amortised over a period of 3 to 5 years.

e) Investments:

i) Non-current investments are valued at cost. Provision is made for diminution in the values where the decline is other than temporary.

ii) Current investments are valued at lower of cost or market value determined on an individual investment basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

f) Inventory:

Inventory is valued at lower of cost or net realisable value. Bonds are valued at cost as their market value is not available. The cost of inventory is inclusive of transaction charges, brokerage and service tax etc.

g) Revenue recognition:

i. Trading income is recognised on the date of sale of securities.

ii. Revenue from service charges, fees and commission is recognised when the contract has been completed.

iii. Investment income is recognised on the date of sale of shares and securities.

iv. Brokerage income is recognised based on contracts notes.

v. Interest income is recognised on accrual basis.

vi. Rent income is recognised on accrual basis.

vii. Dividend income from investments is recognised when the shareholders' rights to receive have been established.

h) Transaction in foreign currencies:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement / translation of monetary assets and liabilities are recognized in the statement of profit and loss. Non-monetary foreign currency items are carried at cost.

i) Retirement benefits:

i. Defined contribution plans

The Company contributes to Employees' Provident Fund (a defined contribution plan) towards post employment benefits, which is administered by the respective Government authorities and the Company has no further obligation beyond making its contribution.

ii. Defined benefit plans

The Company has a defined benefit plan namely gratuity for all its employees. The liability for the defined benefit plan of gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses are recognized immediately in the statement of profit and loss.

iii. Employee leave entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided as at the year end and charged to the statement of profit and loss.

j) Accounting for taxes on income:

i) Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-tax Act, 1961.

ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

k) Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on straight-line basis over the lease term.

l) Borrowing costs:

Borrowing costs attributable to the acquisition and construction of qualifying assets upto the date of such acquisition or construction are capitalised as part of the cost of respective assets. Other borrowing costs are charged to statement of profit and loss in the period in which they are incurred.

m) Impairment of assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

n) Provisions and contingent liabilities:

The Company creates a provision when there is a present obligation as result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

In case of a subsidiary company, i.e. A. K. Capital Finance Private Limited, the General Provision @ 0.25% on Standard Assets is made as per RBI Circular issued in January 2011.

o) Earnings per share:

The basic earnings per share ("EPS") is computed by dividing the net profit / (loss) after tax for the year available for the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year available for equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 2		
SHARE CAPITAL		
Authorised		
33,000,000 (Previous year 33,000,000) Equity Shares of ₹ 10 each	330,000,000	330,000,000
200,000 (Previous year 200,000) Redeemable cumulative preference shares of ₹ 100 each	20,000,000	20,000,000
	350,000,000	**350,000,000**
Issued, subscribed and paid-up		
6,600,000 (Previous year 6,600,000) Equity Shares of ₹ 10 each fully paid up	66,000,000	66,000,000
	66,000,000	**66,000,000**

a. Reconciliation of the shares outstanding at the beginning and at the year end

Equity Shares	As at 31.03.2012		As at 31.03.2011	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Shares outstanding at the beginning of the year	6,600,000	66,000,000	6,600,000	66,000,000
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	**6,600,000**	**66,000,000**	**6,600,000**	**66,000,000**

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of the liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company

	As at 31.03.2012		As at 31.03.2011	
Name of shareholder	No. of shares held	% of holding	No. of shares held	% of holding
A. K. Capital Markets Limited	957,000	14.50%	957,000	14.50%
A. K. Services Private Limited	859,800	13.04%	859,800	13.04%
Second Leasing Private Limited	737,370	11.17%	737,370	11.17%
A. K. Mittal	506,818	7.68%	506,818	7.68%
A. M. Credit Analysis and Research Limited	371,000	5.62%	371,000	5.62%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 3		
RESERVES AND SURPLUS		
Special reserve*		
Opening balance	8,055,553	3,355,108
Add: Additions / Adjustments during the year	11,225,675	4,700,445
Closing balance	**19,281,228**	**8,055,553**
Capital reserve		
Opening balance	67,500,000	67,500,000
Add: Additions during the year	–	–
Closing balance	**67,500,000**	**67,500,000**
Securities premium account		
Opening balance	367,206,793	344,000,000
Add: Additions / Adjustments during the year	(2,636,128)	23,206,793
Closing balance	**364,570,665**	**367,206,793**
General reserve		
Opening balance	372,088,960	312,088,960
Add: Additions during the year	32,500,000	60,000,000
Closing balance	**404,588,960**	**372,088,960**
Surplus		
Opening balance	1,549,320,894	1,093,125,672
Add: Profit for the year	381,030,254	567,295,810
Amount available for appropriation	**1,930,351,148**	**1,660,421,482**
Appropriations		
Proposed dividends	(39,600,000)	(19,800,000)
Interim dividends	–	(19,800,000)
Dividend distribution tax	(6,424,110)	(6,500,588)
Transfer to special reserves*	(11,500,000)	(5,000,000)
Transfer to general reserves	(32,500,000)	(60,000,000)
Closing balance	1,840,327,038	1,549,320,894
	2,696,267,891	**2,364,172,200**

*Special Reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 ("the RBI Act"). In terms of Section 45-IC of the RBI Act, a Non-banking Finance Company is required to transfer an amount not less than 20% of its net profit to a reserve fund before declaring any dividend. Appropriation from this Reserve Fund is permitted only for the purpose specified by the RBI.

NOTE 4		
LONG TERM BORROWINGS		
Secured		
Term loans		
From banks*	6,843,013	10,320,942
From non-banking financial company (NBFC)**	846,038	–
	7,689,051	**10,320,942**

*Vehicle loans from banks are repayable in 36 equated monthly installments alongwith interest from the date of loan. The loans are secured by hypothecation of motor vehicle purchased there against.

**Vehicle loan from NBFC is repayable in 36 equated monthly installments alongwith interest from the date of loan. The loan is secured by hypothecation of motor vehicle purchased there against.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 5		
DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Timing difference arising on account of:		
Depreciation	35,719,296	28,903,884
	35,719,296	**28,903,884**
Less: Deferred tax assets:		
Timing difference arising on account of:		
Expenses allowable on payment basis (gratuity)	3,620,031	2,555,342
Depreciation	869	11,397
Expenses disallowed under section 35D	561,603	166,100
Preliminary expenses	–	31,165
	4,182,503	2,764,004
	31,536,793	**26,139,880**
NOTE 6		
LONG TERM PROVISIONS		
For employee benefits		
Gratuity (unfunded)	10,545,041	7,242,850
Others		
Contingent provision against standard assets	100,000	–
	10,645,041	**7,242,850**
NOTE 7		
SHORT TERM BORROWINGS		
Secured		
Other loans and advances		
Working capital loan from NBFC*	300,000,000	–
Working capital loan from banks**	1,250,000,000	–
Bank overdraft***	445,616,181	297,455,217
	1,995,616,181	**297,455,217**

* Working capital loan from NBFC is secured against mortgage of Company's immovable property together with all structures and appurtenances thereon held by the Company situated at 8th Floor (part), Mafatlal Centre, Nariman Point, Mumbai 400 021. The above loan is repayable in lumpsum at the end of the term of loan of 12 months.

** Working capital loan is secured against pledge of government securities and other debt securities, corporate guarantee of the holding company, A. K. Capital Services Limited and demand promissory note. The above loan is repayable on demand.

*** Bank overdraft is secured against debt securities and personal guarantee of two directors of the Company, the loan is repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 8		
TRADE PAYABLES		
Total outstanding dues of micro and small enterprises	–	–
Total outstanding dues of creditors other than micro, and small enterprises	590,679,626	29,954,396
	590,679,626	**29,954,396**
NOTE 9		
OTHER CURRENT LIABILITIES		
Current maturities of long-term debt - from banks (Refer note no. 4)	10,528,121	7,611,020
Current maturities of long-term debt - from NBFC (Refer note no. 4)	550,096	–
Interest accrued and due on short term borrowings	4,898,737	764,912
Interest accrued but not due on short term borrowings	2,080,327	–
Creditors for fixed assets	67,000	–
Unpaid dividends*	760,609	851,735
Statutory dues	25,580,154	24,874,775
Deposits	35,640,000	35,691,854
Employees dues	32,240,034	10,310,955
Payable to exchange / clearing house (net)	19,264	51,241
Other payables	8,377,013	3,816,256
	120,741,355	**83,972,748**
*During the year, ₹ 38,790 has been credited into Investor Education and Protection Fund under Section 205C of the Companies Act, 1956. There are no dues as at March 31, 2012 which needs to be credited into Investor Education and Protection Fund.		
NOTE 10		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity (unfunded)	788,750	687,234
Leave encashment	1,094,096	571,487
	1,882,846	1,258,721
Others		
Provision for taxation (net of advance tax ₹ 660,509,776; previous year ₹ 712,752,985)	45,796,417	16,822,300
Provision for proposed dividend	39,600,000	19,800,000
Provision for dividend distribution tax	6,424,110	3,212,055
Contingent provision against standard assets	813,131	530,908
	92,633,658	40,365,263
	94,516,504	**41,623,984**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 11
FIXED ASSETS

(Amount in ₹)

Particulars	Tangible assets									Intangible assets	
	Plant and machinery	Computers	Furniture and fixtures	Office equipment	Office premises	Office premises under lease*	Leasehold improve-ments	Vehicles**	Total	Software	Total
Gross block (at cost)											
As at 1 April 2010	369,060	12,735,934	18,703,542	10,983,286	23,186,089	343,500,152	14,971,303	33,260,921	457,710,287	4,847,189	4,847,189
Additions	–	4,608,947	1,649,880	1,283,154	–	–	–	21,212,169	28,754,150	2,677,910	2,677,910
Deductions/adjustments	–	–	–	–	2,574,950	–	–	9,099,795	11,674,745	–	–
As at 31 March, 2011	**369,060**	**17,344,881**	**20,353,422**	**12,266,440**	**20,611,139**	**343,500,152**	**14,971,303**	**45,373,295**	**474,789,692**	**7,525,099**	**7,525,099**
As at 1 April 2011	369,060	17,344,881	20,353,422	12,266,440	20,611,139	343,500,152	–	45,373,295	459,818,389	7,525,099	7,525,099
Additions	–	903,037	26,000	163,781	–	–	–	4,728,226	5,821,044	–	–
Deductions/adjustments	–	–	–	–	–	–	–	2,182,754	2,182,754	–	–
As at 31 March, 2012	**369,060**	**18,247,918**	**20,379,422**	**12,430,221**	**20,611,139**	**343,500,152**	**–**	**47,918,767**	**463,456,679**	**7,525,099**	**7,525,099**
Depreciation/amortisation											
As at 1 April 2010	261,469	8,229,952	2,965,301	2,106,758	2,570,110	9,909,555	14,891,719	6,652,829	47,587,693	1,857,868	1,857,868
For the year	17,532	2,342,444	1,256,658	860,218	336,539	5,599,052	79,584	3,655,086	14,147,113	1,960,104	1,960,104
Deductions/adjustments	–	–	–	–	566,194	–	–	3,534,073	4,100,267	–	–
As at 31 March, 2011	**279,001**	**10,572,396**	**4,221,959**	**2,966,976**	**2,340,455**	**15,508,607**	**14,971,303**	**6,773,842**	**57,634,539**	**3,817,972**	**3,817,972**
As at 1 April 2011	279,001	10,572,396	4,221,959	2,966,976	2,340,455	15,508,607	–	6,773,842	42,663,236	3,817,972	3,817,972
For the year	17,530	2,417,527	1,319,997	626,523	335,962	5,599,052	–	4,351,087	14,667,678	1,986,228	1,986,228
Deductions/adjustments	–	–	–	–	–	–	–	1,087,937	1,087,937	–	–
As at 31 March, 2012	**296,531**	**12,989,923**	**5,541,956**	**3,593,499**	**2,676,417**	**21,107,659**	**–**	**10,036,992**	**56,242,977**	**5,804,200**	**5,804,200**
Net block											
At 31 March, 2011	90,059	6,772,485	16,131,463	9,299,464	18,270,684	327,991,545	–	38,599,453	417,155,153	3,707,127	3,707,127
At 31 March, 2012	**72,529**	**5,257,995**	**14,837,466**	**8,836,722**	**17,934,722**	**322,392,493**	**–**	**37,881,775**	**407,213,702**	**1,720,899**	**1,720,899**

* Office premises under lease includes premises on leasehold land having net block of ₹ 322,392,493 (as at 31.3.2011 ₹ 327,991,545)

** Vehicles includes vehicles hypothecated against term loan taken having net block of ₹ 29,863,257 (as at 31.03.2011 ₹ 28,246,966)

NOTE 12
NON CURRENT INVESTMENTS

	Face Value ₹	As at 31.03.2012		As at 31.03.2011	
		Numbers	₹	Numbers	₹
Non- trade, quoted - others - Fully paid up					
Equity Shares of D S Kulkarni Developers Limited	10	14,163	942,505	13,413	901,184
Equity Shares of Easun Reyrolle Limited	2	–	–	31,856	3,921,361
Equity Shares of EIH Limited	2	379,460	40,001,677	354,460	37,563,046
Equity Shares of Electrosteel Casting Limited	1	603,298	26,471,198	603,298	26,471,198
Equity Shares of Godrej Industries Limited	1	784	151,701	784	151,701
Equity Shares of Indiabulls Real Estate Limited	2	42,000	6,348,260	42,000	6,348,260
Equity Shares of Indiabulls Wholesale Services Limited *	2	5,250	–	–	–
Equity Shares of Indiabulls Infrastructure & Power Limited **	2	123,900	–	–	–
Equity Shares of Jaiprakash Associates Limited	2	15,000	1,860,486	15,000	1,860,486
Equity Shares of Peninsula Land Limited	2	33,116	1,882,469	51,061	2,904,121
Equity Shares of Pipavav Defence and Offshore Engineering Limited	10	95,999	7,883,895	–	–
Equity Shares of Pokarna Limited	10	–	–	23,000	2,092,058
Equity Shares of Punj Llyod Limited	2	334,000	38,523,649	319,000	38,031,511
Equity Shares of Ruchira Papers Limited	10	181,990	3,608,890	181,990	3,608,890
Equity Shares of Saregama India Limited	10	–	–	42,500	4,313,583
Equity Shares of SREI Infrastructure Finance Limited	10	1,015,385	61,917,854	946,032	59,495,413
Equity Shares of Sujana Metals Limited	5	340,066	3,302,140	340,066	3,302,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Face Value ₹	As at 31.03.2012 Numbers	As at 31.03.2012 ₹	As at 31.03.2011 Numbers	As at 31.03.2011 ₹
Equity Shares of Sujana Towers Limited	1	50,000	2,039,955	50,000	2,039,955
Equity Shares of Tata Elxsi (I) Limited	10	–	–	7,437	1,722,001
Equity Shares of UCO Bank Limited	10	2,615,683	278,322,783	2,725,934	337,863,201
Equity Shares of Uflex Industries Limited	10	6,050	1,539,384	34,434	8,822,910
Equity Shares of Welspun Corp. Limited	5	65,779	16,352,719	65,779	16,352,719
Total			**491,149,565**		**557,765,737**
Trade, unquoted - others - Fully paid up					
Equity Shares of Intelligroup Advisors Private Limited	10	4,600	46,000	4,600	46,000
Equity Shares of A.K. Capital Retail Private Limited	10	1,000	10,000	1,000	10,000
Equity Shares of A.K. Commodities Private Limited	10	3,000	30,000	3,000	30,000
Equity Shares of A.M. Care Limited	10	100	1,000	100	1,000
Equity Shares of Sunrise Corporate Services Limited	10	100,000	1,000,000	100,000	1,000,000
Equity Shares of India Bond Private Limited	10	800	8,000	800	8,000
Equity Shares of Nessa Leisure Limited	10	665,000	132,000,000	350,000	57,050,000
Total			**133,095,000**		**58,145,000**
Non-trade, unquoted - others					
Units of Urban Infrastructure	100,000	70	9,275,000	70	9,870,000
Total			**9,275,000**		**9,870,000**
Grand Total			**633,519,565**		**625,780,737**
Aggregate amount of quoted investments			491,149,565		557,765,737
Aggregate market value of quoted investments			324,263,371		444,833,003
Aggregate amount of unquoted investments			142,370,000		68,015,000

*In the scheme of arrangement, Indiabulls Wholesale Services Limited has issued 1 equity share of face value of ₹ 2 each for every 8 equity shares in Indiabulls Real Estate Limited.

**In the scheme of arrangement, Indiabulls Infrastructure & Power Limited has issued 2.95 equity shares of face value of ₹ 2 each for every 1 equity share in Indiabulls Real Estate Limited.

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 13		
LONG-TERM LOANS AND ADVANCES		
Secured, considered good		
Loans and advances to others	41,039,908	351,391
Unsecured, considered good		
Other loans and advances		
Capital advances	8,121,970	–
Security deposits	68,409,605	56,331,105
Prepaid expenses	71,669	580,153
	117,643,152	**57,262,649**
NOTE 14		
OTHER NON-CURRENT ASSETS		
Other bank balances		
Bank deposits with more than 12 months maturity *	27,400,000	21,400,000
Interest receivable	–	21,825
	27,400,000	**21,421,825**

*Pledged against margin money, guarantees or security' deposit with stock exchanges and security against borrowings ₹ 22,400,000; previous year ₹ 20,900,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Face Value ₹	As at 31.03.2012 Numbers	As at 31.03.2012 ₹	As at 31.03.2011 Numbers	As at 31.03.2011 ₹
NOTE 15					
CURRENT INVESTMENTS					
Non trade, quoted (fully paid up) - current					
Equity Shares					
Shamken Spinners Limited	10	8,500	9,010	8,500	9,010
Bonds					
11% Dewan Housing Finance Corporation Ltd.	100,000	–	–	7,500	698,775,000
10.29% West Bengal State Electricity Transmission Company Limited-2021	1,000,000	95	97,392,565	–	–
11% Dewan Housing Finance Corporation Ltd. - 2022	100,000	5,000	500,276,028	–	–
11.40% The Lakshmi Vilas Bank Limited	1,000,000	2	2,000,000	–	–
11.90% SREI Infrastructure Finance Limited	100,000	3,396	339,869,946	–	–
12.25% Cholamandalam Investment and Finance Company Limited	1,000,000	2	2,000,000	–	–
9% NTPC Limited	200,000	36	7,200,000	–	–
TOTAL			**948,747,549**		**698,784,010**
Aggregate amount of quoted investments					
Equity			9,010		9,010
Bonds			948,738,539		698,775,000
Aggregate market value of quoted investments					
Equity			9,010		9,010
Bonds*			948,738,539		698,775,000

*Bonds are valued at cost as the market value is not available.

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 16		
INVENTORIES		
Equity Shares	8,947,389	8,947,389
Bonds*	2,525,211,103	–
	2,534,158,492	**8,947,389**

*Bonds pledged with the bank is ₹ 2,436,259,979 (previous year ₹ Nil)

NOTE 17		
TRADE RECEIVABLES		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	670,357,596	672,686,561
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	5,035,577	185,673
	675,393,173	**672,872,234**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
NOTE 18		
CASH AND BANK BALANCES		
Cash and cash equivalents:		
Cash on hand	2,228,557	2,364,204
Balances with banks in		
- current accounts	95,638,375	76,932,967
	97,866,932	79,297,171
Other bank balances:		
- Earmarked balances (unpaid dividend accounts)	763,036	854,162
- Bank deposits with less than 12 months maturity*	26,826,268	84,115,000
	27,589,304	84,969,162
	125,456,236	**164,266,333**
*Bank deposits includes deposits lying with bank against margin money ₹ 560,698; previous year ₹ 521,825		
NOTE 19		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties:		
Deposits with directors and relative	35,662,000	35,662,000
Secured, considered good		
Loans and advances to others	–	17,621,430
Unsecured, considered good		
Other loans and advances:		
Loans and advances to others	104,289,864	194,884,346
Deposits	2,657,300	2,467,300
Prepaid expenses	2,009,540	2,434,037
Income tax refund receivable	–	212,520
Receivable from stock exchanges	217,125	–
Balances with government authorities	2,085,515	2,177,151
	146,921,344	**255,458,784**
NOTE 20		
OTHER CURRENT ASSETS		
Secured, considered good		
Current maturities of long term loans and advances to other parties	10,000,000	–
Interest accrued and due on loans to others	–	551,934
Unsecured, considered good		
Current maturities of long term loans and advances to other parties	356,410	437,121
Advances recoverable in cash or kind or for value to be received	492,656	–
Interest accrued and due on loans to others	1,689,325	2,769,104
Interest accrued but not due on investments	150,521	–
Interest receivable on fixed deposit	776,814	266,985
Deposits	–	10,000,000
	13,465,726	**14,025,144**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Current Year ₹	Previous Year ₹
NOTE 21		
REVENUE FROM OPERATIONS		
Sale of services (Refer note no. 31)	1,298,780,958	845,654,998
Brokerage	361,877,886	25,479,876
Interest income	94,325,409	54,777,369
Profit / (loss) on sale of investments	95,262,150	649,973,698
Dividend income on short term investments	6,421,546	7,260,338
Dividend income on long term investments	9,288,646	2,290,868
Income from trading in shares and securities (Refer note. 32)	79,915,324	26,873,767
	1,945,871,919	**1,612,310,914**
NOTE 22		
OTHER INCOME		
Rent income	35,640,000	31,328,710
Interest income	2,126,954	19,066,455
Other non-operating income	1,217,577	1,291,685
	38,984,531	**51,686,850**
NOTE 23		
EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	303,920,743	187,671,801
Contribution to provident and other funds	382,497	159,337
Staff welfare expenses	3,968,858	2,501,789
	308,272,098	**190,332,927**
NOTE 24		
FINANCE COST		
Interest expenses	81,630,812	105,445,023
Others borrowing costs	6,428,383	1,304,511
Interest on income tax	4,569,792	3,816,256
	92,628,987	**110,565,790**
NOTE 25		
OTHER EXPENSES		
Electricity expenses	4,021,265	3,934,040
Rent expenses	73,215,320	68,335,189
Repairs and maintenance		
- building	8,402,540	11,238,618
- others	3,075,016	5,874,822
Rates and taxes	5,554,321	6,983,071
Travelling expenses	12,141,492	8,808,929
Auditor's remuneration		
as auditor	408,961	254,376
for other services	123,000	142,000
Professional fees	13,247,364	64,838,274
Printing and stationery expenses	9,249,726	10,733,456
Bad debts	7,590,160	11,045,998
Advertisement expenses	9,774,765	18,581,368
Business promotion expenses	16,834,504	21,599,960
Incentive expenses	17,920,206	12,593,475
Sub arranger fees	57,856,490	234,984,247
Brokerage paid	710,807,944	4,191,314
IPO marketing fees	2,891,294	–
Miscellaneous expenses	28,308,745	18,923,002
	981,423,113	**503,062,139**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 26

The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of incorporation	Extent of holding (%)	Reporting currency	Effective date of becoming subsidiary
A. K. Stockmart Private Limited	India	100.00 (100.00)	Indian Rupees	20/02/2006
A. K. Capital Corporation Private Limited	India	100.00 (100.00)	Indian Rupees	29/01/2007
A. K. Wealth Management Private Limited	India	100.00 (100.00)	Indian Rupees	12/05/2010
A. K. Capital Finance Private Limited	India	98.02 (94.01)	Indian Rupees	04/09/2008

NOTE 27

DIFFERENCES IN ACCOUNTING POLICY FOR DEPRECIATION:

Depreciation on fixed assets relating to the subsidiary companies, A. K. Stockmart Private Limited and A. K. Wealth Management Private Limited has been provided on Written Down Value Method as against Straight Line Method followed by the Company. Depreciation for the year includes ₹ 1,203,592 (previous year ₹ 1,187,998) calculated on such basis. The impact of the difference in the accounting policy has not been calculated, as the depreciation amount itself is not significant. The net block included in the consolidated financial statements in this respect as at March 31, 2012 is ₹ 2,050,140 (as at March 31, 2011 ₹ 3,193,732).

In case of A.K. Capital Finance Private Limited, In order to be in line with group accounting policy of depreciation and more appropriate presentation of the financial statements, the Company has changed its accounting policy in respect of depreciation from Written Down Value method to Straight Line Method. However, as the Company had purchased its fixed assets in the previous year, there is no impact of change in accounting policy on the profit for the year, accumulated depreciation and net block of fixed assets as at March 31, 2012.

NOTE 28

LEASES

A. Where the Company is lessee:

The Group has taken various residential and office premises under operating lease that are renewable on a periodic basis at the option of both the lessor and lessee.

The future minimum lease payments, in respect of non cancelable operating lease are as follows:

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Not later than one year;	18,283,800	5,829,600
Later than one year but less than five year	17,065,620	971,600

The amount of lease payments with respect to the above lease recognised in the statement of profit and loss for the year is ₹ 5,895,420 (previous year ₹ 1,943,200)

The above disclosure is for leases entered after 1 April 2001, as per Accounting Standard (AS) - 19 'Leases' issued by the Institute of Chartered Accountants of India.

B. Where the Company is lessor:

The future minimum lease payments receivable are as follows:

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Not later than one year	–	22,131,290

The amount of minimum lease income with respect to the above lease recognised in the statement of profit and loss for the period is ₹ 22,131,290 (previous year ₹ 31,328,710).

C. None of the subsidiary company has entered into any operating / finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 29
RELATED PARTY DISCLOSURES:

i Related party relationships:

Key managerial personnel

Mr. Atul Kumar Mittal

Mr. Deepak Mittal

Relative of key management personnel

Mrs. Anshu

Mr. Abhinav Kumar Mittal

Ms. Aditi Mittal

Notes:

a) The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.

b) The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year except where control exists.

	Current Year ₹	Previous Year ₹
ii Transactions with related parties:		
Investment in share capital of subsidiary (including security premium)		
Atul Kumar Mittal	–	29,375,000
Remuneration to directors (including perquisites)		
Atul Kumar Mittal	29,896,000	46,296,000
Deepak Mittal	13,866,840	3,281,080
Abhinav Kumar Mittal	1,187,500	–
Aditi Mittal	1,191,667	–
Directors Sitting fees		
Anshu	40,000	40,000
Rent paid		
Atul Kumar Mittal	6,408,000	4,728,000
Anshu	3,528,000	3,528,000
Abhinav Kumar Mittal	5,169,600	5,169,600
Rent deposit given outstanding as at year end		
Atul Kumar Mittal	16,250,000	16,250,000
Anshu	7,450,000	7,450,000
Abhinav Kumar Mittal	11,962,000	11,962,000
Payables as at year end		
Atul Kumar Mittal	10,000	10,000
Deepak Mittal	6,910	6,910
Anshu	9,000	9,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 30

DISCLOSURE UNDER (AS) - 15 (REVISED 2005):

The following table sets out the unfunded status of the gratuity plan and the amount recognized in the financial statements as at year end:

		Gratuity (Unfunded)	
		Current Year ₹	Previous Year ₹
a)	**Change in present value of obligation**		
	Present value of obligation as at beginning of the year	7,930,084	4,998,639
	Interest cost	634,406	399,890
	Service cost	3,039,422	1,757,915
	Benefits paid	–	–
	Actuarial (gain)/loss on obligation	(270,121)	773,640
	Present value of obligation as at year end	11,333,791	7,930,084
b)	**Amount recognized in the Balance Sheet**		
	Present value of obligation, as at year end	11,333,791	7,930,084
	Fair value of plan assets as at year end	–	–
	Net liabilities recognized in the Balance Sheet	11,333,791	7,930,084
c)	**Expense recognized during the year**		
	Current service cost	3,039,422	1,757,915
	Interest cost	634,406	399,890
	Expected return on plan assets	–	–
	Net Actuarial (gain)/loss to be recognized	(270,121)	773,640
	Net periodic cost	3,403,707	2,931,445
d)	**Assumptions used in accounting for the gratuity plan**		
	Mortality rate	LIC (199496)	LIC (199496)
	Discount rate	8%	8%
	Salary escalation rate	5%	5%
	Expected rate of return on plan assets	–	–

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE 31

DETAILS OF SALES OF SERVICES:

	Current Year ₹	Previous Year ₹
Merchant banking fees	1,226,920,204	844,799,892
Advisory fees	13,785,119	855,106
Service charges	132,952	–
Syndication and other fees	57,942,683	–
Total	**1,298,780,958**	**845,654,998**

NOTE 32

INCOME FROM TRADING IN SHARES AND SECURITIES:

Sale of shares and securities	62,541,629,019	1,805,609,328
Add: Closing inventories	2,534,158,492	8,947,389
Less: Opening inventories	8,947,389	261,794,935
Less: Purchases	64,986,924,798	1,525,888,015
Profit from trading in securities	**79,915,324**	**26,873,767**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 33
SEGMENT INFORMATION:

The Group operates in a single business and geographical segment i.e. "Investment and Financial Activity" within India. Accordingly, no separate disclosures for primary business and secondary geographical segment are required.

NOTE 34
EARNINGS PER SHARE (EPS):

	Current Year	Previous Year
Net profit after tax after adjusting minority interest (₹)	380,505,909	568,654,716
Weighted average number of equity shares outstanding at the year end (No.)	6,600,000	6,600,000
Basic and diluted earnings per share (₹)	57.65	86.16
Nominal value of share (₹)	10	10

NOTE 35

There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) - 28 'Impairment of Assets'.

NOTE 36

In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

NOTE 37

Till the year ended March 31, 2011, the Company was using pre revised Schedule VI of the Companies Act, 1956 for the preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. Therefore, the Company has reclassified previous year figures to conform to the current year's presentation.

Signatures to 1 to 37

As per our report of even date attached

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 25, 2012

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2011-12

Name of the Subsidiary Company	A. K. Stockmart Private Limited	A. K. Capital Corporation Private Limited	A. K. Wealth Management Private Limited	A. K. Capital Finance Private Limited
Financial year ending	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
Date from which it became the subsidiary company	February 20, 2006	January 29, 2007	May 12, 2010	September 4, 2008
Number of equity shares held by A. K. Capital Services Limited as on March 31, 2012	12,000,000 Equity shares	2,100,000 Equity shares	2,250,000 Equity shares	14,648,740 Equity shares
Face Value of equity shares (₹)	10	10	10	10
Paid - up Equity Share Capital (₹)	120,000,000	21,000,000	22,500,000	149,450,000
Extent of holding of A. K. Capital Services Limited as on March 31, 2012	100%	100%	100%	98.02%
Net aggregate profit/(loss) so far it concerns the members of the holding Company				
a) For the financial year ended on March 31, 2012				
i. Not dealt with in the holding Company accounts (₹)	389,574,922	2,389,252	5,386,113	182,546,260
ii. Dealt with the holding Company accounts (₹)	406,875,629	–	–	–
b) For the subsidiary Company previous financial years since it became a subsidiary				
i. Not dealt with in the holding Company accounts (₹)	40,339,634	1,455,405	4,372,446	67,132,202
ii. Dealt with the holding Company accounts (₹)	1,723,467	–	–	–

SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Particulars	A. K. Stockmart Private Limited ₹	A. K. Capital Corporation Private Limited ₹	A. K. Wealth Management Private Limited ₹	A. K. Capital Finance Private Limited ₹
Share capital	120,000,000	21,000,000	22,500,000	149,450,000
Reserves and surplus	28,174,892	5,667,327	424,443	1,746,505,649
Total Assets	766,572,203	27,230,800	23,502,104	3,184,581,984
Total Liabilities	766,572,203	27,230,800	23,502,104	3,184,581,984
Investments	9,024,091	–	–	546,731,648
Total Revenue	796,450,551	2,389,252	5,386,113	182,546,260
Profit before Tax	23,341,551	2,320,825	128,134	89,617,870
Provision for taxation (including Deferred Tax) and prior period tax adjustments	7,608,477	765,355	(18,195)	34,194,911
Profit after Tax	15,733,074	1,555,470	146,329	55,422,959

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 25, 2012

A. K. CAPITAL SERVICES LIMITED
Registered Office: Flat No. N, Sagar Apartments, 6 Tilak Marg, New Delhi - 110 001
Tel: +91 11 23381561, Fax: +91 11 23385189, Website: www.akcapindia.com

Proxy Form

19th Annual General Meeting

Folio No. _____ Client ID _____

DP Name _____

DP ID No. _____

I/We _____ of _____ being a member/members of

A. K. Capital Services Limited hereby appoint _____ or failing

him/her _____ of _____ as my/our proxy to attend and vote on my/our behalf at the 19th Annual General Meeting of the Company to be held on September 29, 2012 at 9.00 a.m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110 030 and at any adjournment thereof.

Affix Revenue Stamp

Signed this _____ day of _____ 2012, by the said _____

Note: This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. The Proxy need not be a member of the Company. The form should be signed across the stamp as per specimen signature recorded with the Company.

- Please tear here -

A. K. CAPITAL SERVICES LIMITED
Registered Office: Flat No. N, Sagar Apartments, 6 Tilak Marg, New Delhi - 110 001
Tel: +91 11 23381561, Fax: +91 11 23385189, Website: www.akcapindia.com

Attendance Slip

Please complete this Attendance Slip form and hand it over at the entrance of the place of meeting.

Folio No. _____ Client ID _____

DP ID No. _____

Name of the Shareholder/ Proxy _____

Address _____

_____ No.of shares held _____

I hereby record my presence at the 19th Annual General Meeting of the Company held on September 29, 2012 at 9.00 a.m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110 030.

_____

Signature of the Shareholder/ Proxy

A. K. Capital Services Limited
Flat No. N, Sagar Apartment,
6, Tilak Marg, New Delhi - 110 001

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