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Delivering **quality**…



A.K. CAPITAL SERVICES LTD.

BUILDING BONDS

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Mr. A. K. Mittal
Managing Director & CEO

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
South Indian 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 42390900, Fax: +91 11 27215530, website: www.abhipra.com

REGISTERED OFFICE
Flat No. N, Sagar Apartment, 6, Tilak Marg, New Delhi - 110 001
Tel: +91 11 23381561, Fax: +91 11 23385189, 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 66100594, website: www.akcapindia.com

DIRECTORS' REPORT

To the Members of A. K. Capital Services Limited,

The Directors have pleasure in presenting their 20th Annual Report on the business and operations of the Company together with the audited statement of accounts for the financial year 2012-13:

FINANCIAL HIGHLIGHTS

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

(₹ in Crore except per share data)

Particulars	2012-13	2011-12
Total Income	197.35	198.49
Total Expenditure	128.33	139.94
Profit Before Tax	**69.02**	**58.55**
Provision For Taxes	22.84	20.22
Profit After Tax	**46.18**	**38.33**
Less: Share Of Minority Interest And Adjustment On Account Of Further Investment In Subsidiary Company	0.22	0.23
Profit For The Year	**45.96**	**38.10**
Add: Surplus Brought Forward From Previous Year	184.03	154.93
Profit Available For Appropriation	**229.99**	**193.03**
Less: Appropriations		
Proposed Dividend	3.96	3.96
Transfer To Reserves	3.25	3.25
Transfer To Special Reserves	2.65	1.15
Dividend Distribution Tax	0.67	0.64
Surplus Carried To The Balance Sheet	**219.46**	**184.03**
Earnings Per Equity Share (Face Value ₹ 10 Per Share)		
Basic (₹)	69.74	57.65
Diluted (₹)	69.74	57.65

Standalone financial highlights of A. K. Capital Services Limited

(₹ in Crore except per share data)

Particulars	2012-13	2011-12
Total Income	110.53	143.51
Total Expenditure	62.99	96.46
Profit Before Tax	**47.54**	**47.05**
Provision For Taxes	15.87	15.97
Profit After Tax	**31.67**	**31.08**
Add: Surplus Brought Forward From Previous Year	173.37	150.14
Profit Available For Appropriation	**205.04**	**181.22**
Less: Appropriations		
Proposed Dividend	3.96	3.96
Transfer To General Reserves	3.25	3.25
Dividend Distribution Tax	0.67	0.64
Surplus Carried To The Balance Sheet	**197.16**	**173.37**
Earnings Per Equity Share (Face Value ₹ 10 Per Share)		
Basic (₹)	47.98	47.09
Diluted (₹)	47.98	47.09

FINANCIAL PERFORMANCE

On consolidated basis, your Company earned gross income of ₹ 197.35 Crore during the year under review as against ₹ 198.49 Crore in the previous year. The consolidated profit before tax is ₹ 69.02 Crore as against ₹ 58.55 Crore in the previous year. After providing for tax, the consolidated net profit of your Company is ₹ 46.18 Crore as against ₹ 38.33 Crore in the previous year. On standalone basis, your Company earned gross income of ₹ 110.53 Crore during the year under review as against ₹ 143.51 Crore reported in the previous year. The profit before tax is ₹ 47.54 Crore as against the ₹ 47.05 Crore during the previous year. After providing for tax, the net profit of your Company is ₹ 31.67 Crore as against the net profit of ₹ 31.08 Crore in the previous year.

DIVIDEND ON EQUITY SHARES

Your Directors are pleased to recommend a final dividend of 60% i.e. ₹ 6 per equity share (on the face value of ₹ 10 per equity share) on 6,600,000 equity shares for the financial year 2012-13. The amount of dividend on equity shares and tax thereon aggregates to ₹ 4.63 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 Tuesday, August 13, 2013. The Register of Members and Share Transfer Books will remain closed from Wednesday, August 14, 2013 to Saturday, August 17, 2013, both days inclusive. The Annual General Meeting of the Company is scheduled to be held on Saturday, August 17, 2013.

CREDIT RATING

Your Company enjoys the credit rating for long term bank facilities of "CARE A+" [Single A Plus] of ₹ 100.00 Crore from Credit Analysis & Research Limited (CARE).

TRANSFER TO RESERVES

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

SUBSIDIARIES

Currently, the Company's subsidiaries are 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 ₹ 197.35 Crore and a consolidated profit after tax (after minority interest) of ₹ 46.03 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 May 25, 2013 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 on any working day, except Saturdays, between 11.00 a.m. and 3.00 p.m. 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 Chandra Bhargava and Mrs. Anshu, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

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

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed 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, 2013 and of the profit of the Company for the financial year 2012-13;
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 for the financial year 2012-13 and the report on Corporate Governance as required under Clause 49 of the Listing Agreement executed with the Stock exchange where the shares of the Company are listed, are given in separate sections forming part of the Annual Report.

A certificate from the Statutory Auditors of the Company, M/s Suresh Surana & Associates, Chartered Accountants (Firm Registration No:121750W) confirming compliance with the conditions of Corporate Governance stipulated in Clause 49 is annexed to the report on Corporate Governance.

STATUTORY AUDITORS

M/s. Suresh Surana & Associates, Chartered Accountants, (Firm Registration No:121750W), Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed that their appointment, if made, at the ensuing Annual General Meeting, will be within the limits prescribed under sub-section (1B) of Section 224 of the Companies Act, 1956.

M/s. Suresh Surana & Associates, Chartered Accountants, (Firm Registration Number 121750W), Statutory Auditors of the Company have sought reappointment and confirmation that their reappointment shall be within the limits of Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

PUBLIC DEPOSITS

During the financial year 2012-13, 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.

CONSERVATION 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 2012-13. The information on foreign exchange outgo is furnished in the Notes to the financial statements no. 28, forming part of this Annual Report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 29, 2012 (date of last Annual General Meeting) on the website of the Company (www.akcapindia.com), as also on the Ministry of Corporate Affairs website.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The Annexure is available for inspection at the Registered Office of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the Government Authorities, Regulators, Stock Exchanges, Bankers of the Company, Other Statutory Bodies, etc. during the year under review. Your Directors would also like to take this opportunity to express their gratitude to the members of the Company for their trust and support. The Board also wishes to thank the employees of the Company and its subsidiaries at all levels for the dedicated services rendered by them.

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Place: Mumbai
Date : July 1, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC & BOND MARKET DEVELOPEMENT:

The financial year 2012-13 experienced persistent slow down in the Indian economy. With growth slowdown, elevated inflation levels and the twin deficit risks came to the fore, the space for a favorable interest rate scenario remained limited.

With output expansion of only 4.5% in Q3 of FY12-13, cumulative GDP growth for the period April 2012 to December 2012 declined to 5.0% from 6.6% a year ago. Most of the slow down was largely a factor of delay in Government's fiscal policy reform measures and part of the slowdown has been due to global factors with weak external demand impacting the manufacturing activities.

On the domestic front, the service sector activity decelerated which is considered to be the backbone of India's recent growth story. Further, Industrial growth virtually faced stagnation resulting from a combination of factors, most notably the investment cycle downturn, supply-side bottlenecks, governance problems and weak external demand. The recent quarters slow down in the private consumption demand is also dragging down growth.

However, with the introduction of government's concerted policy action and reforms during second half of FY12-13, the risk of further slow down in the coming fiscal FY13-14 seems limited and might lead to a slow-paced recovery.

On the other hand, monetary policy space in FY12-13 was constrained by elevated inflation and risk of higher twin deficits. The headline Wholesale Price Index (WPI) hovered in the band of 7.0% - 8.0% band for most of the year before moderating to about 6.0% by the end of FY12-13. However, a more perceptible fall in non-food manufactured product inflation along with marked progress in addressing fiscal risks provided headroom for monetary policy to start easing. Using the available space, the RBI lowered policy rates cumulatively by 100 bps, Cash Reserve Ratio (CRR) by 75 basis points (bps) (on top of a 125 bps reduction in Q4 of 2011-12) and Statutory Liquidity Ratio (SLR) by 100 bps.

Considering the recent macro-economic dynamics, the economic recovery would critically depend on supply-side action to remove a host of micro-constraints and structural bottlenecks that impede production and investment, especially in growth-driving sectors such as road, power, housing & other infra projects. The year 2014 being the election year might lead to a slow pace fiscal implementation, thus tightening the scope of Central Bank in going more aggressive for further rate cuts to support growth.

The Indian Bond market witnessed genuine intention both from the Government and Central Bank's end to make it more robust and vibrant. The same has been reflected through implementation of a host of measures starting from truncating the time window for bidding in the primary auction; changing the settlement cycle of primary auctions in Treasury Bills (T-Bills) from T+2 to T+1; conduct of primary auctions in g-secs as a mix of both uniform-price and multiple-price formats; re-issuances of existing securities in state development loans; standardizing interest rate swap (IRS) contracts to facilitate centralized clearing and settlement of these contracts; reduction in withholding taxes to 5% on FII debt investments in to India & curtailing the SLR holdings to 23% under banker's held to maturity (HTM) category.

In the light of above and with a thrust to attract more participation towards India's key economic sectors more specifically the infrastructure, the role of Debt Capital Market is expected to play a pivotal role in the coming years.

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 amongst 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 10 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 (AKSMPL). AKSMPL 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. AKSMPL is also registered with SEBI Wholesale Debt Market Segment.

The Non Banking finance activities are conducted through A. K. Capital Finance Private Limited (AKCFPL) which is registered with Reserve Bank of India as Non Banking Finance Company (NBFC) not accepting public deposits. AKCFPL is a systematically important NBFC which is 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 of its funds into financial instruments.

FINANCIAL PERFORMANCE

Consolidated Financial Highlights

The consolidated total income was ₹ 197.35 crore in FY 2012-13 as compared to ₹ 198.49 crore in FY 2011-12. The Profit after tax and minority interest was ₹ 46.03 in FY 2012-13 as compared to ₹ 38.05 crore in FY 2011-12. Basic EPS was ₹ 69.74 and Diluted EPS was ₹ 69.74 in FY 2012-13 as compared to ₹ 57.65 and ₹ 57.65 in FY 2011-12 respectively.

Standalone Financials

The merchant banking fees was ₹ 95.38 crore during FY 2012-13 as compared to ₹ 122.76 crore during FY 2011-12. Merchant banking fee income primarily includes fund raising fees from clients, financial advisory fees and third party referral fees.

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 2012-13 was ₹ 11.42 crore as compared to ₹ 14.96 crore in FY 2011-12. During the FY 2012-13 the investment income was impacted due to increase in interest rates.

The profit after tax for FY 2012-13 was ₹ 31.67 as compared ₹ 31.08 crore in FY 2011-12. The profit after tax was increased due to effective management of 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 was ₹ 23.11 crore in FY 2012-13 as compared to ₹ 23.82 crore in FY 2011-12. Other expenses primarily include rent, taxes, lighting, advertisement and publicity, repairs and maintenance, professional fees, sub arrangers fees, etc. Other expenses decreased by 57.43% to ₹ 27.94 crore in FY 2012-13 from ₹ 65.62 crore in FY 2011-12. The decrease in other expenses was primarily due to effective management of expenses.

The Company has maintained a strong and liquid balance sheet. Equity share capital and reserves increased to ₹ 288.62 crore in FY 2012-13 from ₹ 261.58 crore in FY 2011-12 primarily due to ploughing back current year profits (after provision of proposed dividend) back into the business. The Book Value per share rose to ₹ 437.30 in FY 2012-13 from ₹ 396.33 in FY 2011-12. The Non Current liabilities increased to ₹ 33.84 crore in FY 2012-13 from ₹ 4.88 crore in FY 2011-12. The Current liabilities decreased to ₹ 81.07 crore in FY 2012-13 from ₹ 135.64 crore in FY 2011-12. During the year the net block of fixed assets increased by ₹ 1.27 crore to ₹ 41.77 crore. The Non Current assets increased to ₹ 307.76 crore in FY 2012-13 from ₹ 245.76 crore in FY 2011-12. The increase was primarily due to increase in investment in equity share capital of subsidiary company. The Current assets decreased to ₹ 95.77 crore in FY 2012-13 from ₹ 156.33 crore in FY 2011-12.

Outlook and Strategy

In a short span of time, AK Capital has emerged as one of India's leading Merchant Bankers in the Indian Fixed Income Market through management of private placements as well as public issues. AK Capital is acknowledged for its unmatched Management Consultancy, Advisory Services, Financial Restructuring, etc. and is one of the few Merchant Bankers who has direct access as counterparty to almost each and every domestic bank/ institution. An experienced team of over 200 professionals, spread across the length and breadth of the country, with deep market insights enables AK Capital to foresee the future market trends and take initiatives to leverage the market opportunities. Each specialist at AK Capital brings in a varied experience in the marketing and sales of Bonds, Debentures and other Financial Products to ensure coverage of maximum spread of Investors.

We intend to capitalize on the potential of debt market and act as a catalyst that shall transform a nascent Indian debt market into a strong and globally preferred investment hub. Considering the fact that in all the developed nations the size of fixed income segment is manifold vis-à-vis equity segment unlike India where the fixed income market is quite nascent, we believe there is a still a lot of untapped potential in the fixed income segment of the Indian capital market. Further, mobilization of long-term funding for the infrastructure sector critically depends on a deep and liquid debt market with a large set of diverse and sophisticated investors and a wide array of instruments not only to provide vehicles of investment but also to manage the risk entailed.

With the debt market developing in terms of liquidity, transparency and evolution of the electronic platform, we envision ourselves as a catalyst in developing an electronic platform, improve liquidity and set benchmarks to facilitate transactions in fixed income markets. We wish to continuously innovate and present new avenues and structures of fixed income instruments to institutional and retail investors.

OPPORTUNITIES AND CHALLENGES:

Opportunities

- Debt markets are witnessing exponential growth in the Country. While there were 485 institutional issuances of corporate bonds aggregating ₹ 48,424 Crore in FY 2002-03, the numbers grew to 1,169 issuances aggregating ₹ 3,06,520 Crore in FY 2012-13 which symbolizes the growing awareness of fixed income securities amongst the institutional investor community.
- This growth has been possible with policy measures undertaken by the Government and the market regulator (SEBI) from time to time to provide impetus to growth of corporate bond markets the major ones being, enhancement of ceiling limits for investment by FIIs, evolvement of debt trading platform on stock exchanges, allowing repo in corporate bonds, allocation of large amount of tax free bonds, rationalization of standard disclosure norms, laying down norms for credit default swaps, defining policy framework governing interest rate futures etc.
- Besides evolvement of institutional demand for corporate bonds, retail demand is also picking up gradually for fixed income securities. While there were 8 retail debt issuances of corporate bonds aggregating ₹ 4,693 Crore in FY 2002-03, the numbers grew to 20 issuances aggregating ₹ 16,982 Crore in FY 2012-13 which symbolizes growing percolation of fixed income securities amongst retail investor community.
- Extension of applications supported by blocked amount ("ASBA") to public debt offers, online uploading of applications, limited time frame for execution of allotment of debt securities are some of the key initiatives undertaken by SEBI for penetration of fixed income securities to retail class of investors.
- The fixed income markets are poised to witness increased participation from a large number of issuers including corporates, PSUs, NBFCs, FIs and Banks on one hand and diverse segment of investors such as Banks, Financial Institutions, Insurance Companies,

Mutual Funds, Corporates, High Networth Individuals, Retail Investors on the other hand.

Challenges

- Like any other market, bond markets are subjected to volatility in interest rates.
- Like any other market, our operations may be vulnerable to competition thereby affecting margins.
- Like any other market, debt market operations are vulnerable to credit risk.

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 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 in Wholesale Debt Market Segment. The non banking financing activities are being carried out through 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 financial 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 is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its shareholders' aspirations and societal expectations.

At A. K. Capital, good corporate governance is intrinsic to the management of company affairs. We endeavour to enhance long-term shareholder value and respect minority rights in all our business decisions. The Company fosters a culture in which high standards of ethical behavior, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its Board of Directors, management and employees.

Good Corporate Governance stems from the culture and mindset of the organization and at A. K. Capital, we are committed to meet the aspirations of all our shareholders. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the higher echelons of 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 ("the Board") is at the core of our corporate governance practice and oversees how the management serves and protects the long-term interests of all our shareholders. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

(1) Composition of the Board of Directors

The Company has a policy of maintaining an optimum combination of Executive and Non-Executive Directors which 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.

During the financial year 2012-13, five Board Meetings were held on the following dates:

May 11, 2012; August 11, 2012; August 25, 2012; November 3, 2012 and February 9, 2013.

The names and categories of directors, their relationship with other directors, attendance at the Board Meetings held during the financial year 2012-13 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, 2013 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 29, 2012	No. of Directorships and committee membership/ chairmanship		
			Held	Attended		Directorships *	Committee membership **	Committee chairmanship **
Mr. Subhash Chandra Bhargava	Chairman, Non-Executive Independent Director	None	5	5	No	11	5	1
Mr. A. K. Mittal	Managing Director, Executive (Promoter)	Husband of Mrs. Anshu	5	5	Yes	5	1	-
Mr. Deepak Mittal	Whole time Director, Executive	None	5	5	Yes	2	2	-

Name of Director	Category of Director	Relationship with other Directors	No. of Board Meetings		Attendance at the last AGM held on September 29, 2012	No. of Directorships and committee membership/ chairmanship		
			Held	Attended		Directorships *	Committee membership **	Committee chairmanship **
Mr. Subhash Chander Madan	Non-Executive Independent Director	None	5	5	Yes	2	-	1
Mr. Raghubinder Rai	Non-Executive Independent Director	None	5	5	Yes	1	1	-
Mrs. Anshu	Non-Executive Non-Independent Director (Promoter)	Wife of Mr. A. K. Mittal	5	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 includes 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 dependents 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 Chander 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 Chander 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 2012-13, five meetings of Audit Committee were held on the following dates:

May 11, 2012; August 11, 2012; August 25, 2012; November 3, 2012 and February 9, 2013.

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 Chander Madan	5
Mr. Raghubinder Rai	5
Mr. A. K. Mittal	5

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 Chander Madan, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 29, 2012.

(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 Chander 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 once during financial year 2012-13 on March 11, 2013. The details of attendance of members in Remuneration Committee Meeting are as under:

Name of the Member	Number of Remuneration Committee meeting attended
Mr. Raghubinder Rai	1
Mr. Subhash Chander Madan	1
Mrs. Anshu	1

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 2012-13 is as under:

Name of the Director	Sitting fees for the Board Meetings paid/payable for the financial year 2012-13 (₹)
Mr. Subhash Chandra Bhargava	50,000
Mr. Subhash Chander Madan	50,000
Mr. Raghubinder Rai	50,000
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 2012-13 are as under:

Particulars	Mr. A. K. Mittal Managing Director (₹)	Mr. Deepak Mittal Whole Time Director (₹)
Salary and allowances	28,800,000	3,528,360
Bonus	7,500,000	4,310,000
Perquisites and allowances	1,056,000	-
Total	**37,356,000**	**7,838,360**

Shareholding of Directors

The shareholding of the Directors as on March 31, 2013 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 Chander 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 Chairperson 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 six times during the financial year 2012-13 on the following dates:

April 4, 2012; July 5, 2012; September 7, 2012; September 25, 2012; October 6, 2012 and January 4, 2013.

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	6
Mr. Deepak Mittal	6

Based on the report received from the Company's Registrar and Share Transfer Agent, the Company has no complaints received during the financial year 2012-13. No complaints were pending unresolved as on March 31, 2013.

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, 3rd Floor, 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 two material non listed Indian subsidiaries whose turnover or networth (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 Chandra Bhargava, Independent Director on the Board of A. K. Capital Services Limited (Holding Company) is also a Director on the Board of A. K. Capital Finance Private Limited with effect from November 30, 2012 (material non listed Indian subsidiaries).

Mr. Subhash Chander Madan, Independent Director on the Board of A. K. Capital Services Limited (Holding Company) is also a Director on the Board of A. K. Stockmart 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
2011-12	September 29, 2012	9.00 a.m.	Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi	1
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

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 2012-13 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 20th Annual General Meeting of the Company

Date: August 17, 2013

Time: 9.00 a.m.

Venue: Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi – 110030

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 2013-14

Financial reporting for the	Tentative dates of the Board Meeting
First quarter ending on June 30, 2013	before August 14, 2013
20th Annual General Meeting	August 17, 2013
Second quarter ending on September 30, 2013	before November 14, 2013
Third quarter ending on December 31, 2013	before February 14, 2014
Fourth quarter/year ending on March 31, 2014	before May 31, 2014

Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 14, 2013 to Saturday, August 17, 2013 (both days inclusive) in order to determine the entitlement of the shareholders to receive the dividend, if any, for the financial year 2012-13 as well as for the purpose of AGM.

Dividend payment date

The payment of dividend, if any, shall be on or before, Monday, September 16, 2013.

Distribution of Equity Shareholding

Distribution schedule of Equity shareholding of the Company as at March 31, 2013 is as follows:

Category			Number of Shareholders	% of total Shareholders	Total number of shares held	% of total Shareholding
From		To				
1	-	2,500	2047	77.22	118,943	1.80
2,501	-	5,000	266	10.03	99,750	1.51
5,001	-	10,000	122	4.60	94,298	1.43
10,001	-	20,000	60	2.26	88,064	1.33
20,001	-	30,000	38	1.43	94,864	1.44
30,001	-	40,000	17	0.64	60,210	0.91
40,001	-	50,000	24	0.91	110,679	1.68
50,001	-	100,000	22	0.83	158,859	2.41
100,001	-	Above	55	2.08	5,774,333	87.49
		Total	**2,651**	**100.00**	**6,600,000**	**100.00**

Equity Shareholding pattern of the Company as at March 31, 2013 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	26,201	0.40
Mutual Funds/ UTI	-	-
Indian Bodies Corporate	1,200,578	18.19
Individual/HUF	1,470,066	22.27
Clearing Members	30,060	0.46
Sub total (B)	**2,727,774**	**41.33**
Total Shareholding (A) + (B)	**6,600,000**	**100.00**

Stock code

BSE - 530499

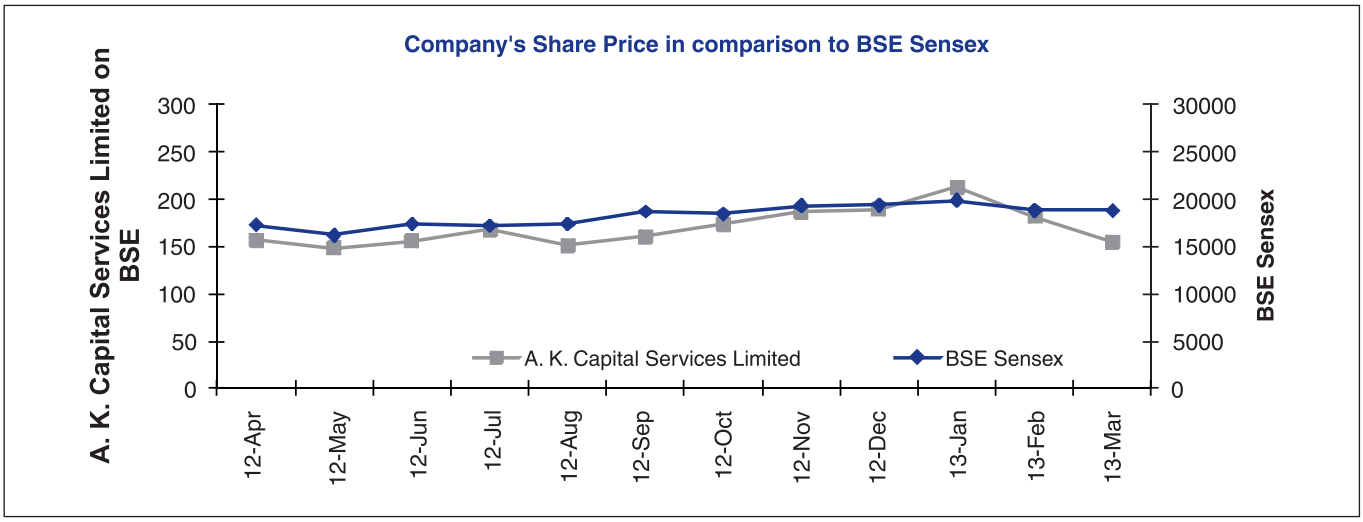
Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares: ISIN No. INE701G01012

The Company had paid the listing fees for financial year 2013-2014, to the 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 2012-13. The chart below plots the monthly closing price of A. K. Capital Services Limited versus BSE-Sensex for the FY 2012-13.

Month	High Price (₹)	Low Price (₹)	No. of shares traded
April 2012	174.00	147.50	172,893
May 2012	188.45	131.25	244,894
June 2012	166.80	140.00	70,993
July 2012	200.00	154.15	271,315
August 2012	183.70	140.00	147,080
September 2012	170.50	147.00	88,289
October 2012	206.50	157.20	261,359
November 2012	191.00	165.05	70,358
December 2012	205.00	180.50	58,509
January 2013	273.45	185.00	302,060
February 2013	228.00	176.00	57,224
March 2013	195.95	143.05	160,585



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, 2013, 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 dematerialization/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 – 110033
Tel: +91 11 42390900
Fax: +91 11 27215530
email: 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 – 400021
Tel: +91 22 66349300
Fax: +91 22 66100594
email: 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
email: 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 : July 1, 2013

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 2012-13.

By the order of the Board of Directors

A. K. Mittal
Managing Director

Place: Mumbai
Date : July 1, 2013

ANNEXURE II

CEO AND CFO CERTIFICATION

We have reviewed the financial statements and the cash flow statement for the financial year 2012-13 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 : July 1, 2013

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 March 31, 2013, 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 : July 1, 2013

INDEPENDENT AUDITORS' REPORT

To,
The Members of
A. K. Capital Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **A. K. Capital Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2013 and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making, those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2013

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Companies (Auditor's report) Order 2003 (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of Section 227(4A) and on the basis of such checks, as were considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. As required by Section 227(3) of the Act, 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 purpose of our audit.

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of 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 comply with the Accounting Standards referred to in sub-section(3C) of Section 211 of the Act;

   e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

FOR SURESH SURANA & ASSOCIATES

Chartered Accountants
Firm Reg. No.: 121750W

(Ramesh Gupta)
Partner
Membership No.: 102306

Place: Mumbai
Date : May 25, 2013

Annexure to the Independent Auditors' Report referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" 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. The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses 4 (iii) (b), 4 (iii) (c), 4 (iii) (d), 4 (iii) (f) and 4 (iii) (g) of the Order are not applicable to the Company.
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 purchases of services and fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the 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 Rs. 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 with the meaning of Section 58A and 58AA or any other relevant provisions of the Act, during the year.
7. The Company has adequate internal audit system commensurate with 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 has been generally regular in depositing undisputed statutory dues including provident fund, income tax, service tax, investor educational and protection fund, wealth tax, cess and other statutory dues applicable to it, with the appropriate authorities. There were no arrears in this respect as at March 31, 2013 for a period of more than six months from the date they became payable. As informed, statutory dues in the nature of employee state insurance, custom duty and excise duty are not applicable to the Company.
   b) According to information and explanations given to us, there are no dues on account of income tax, sales tax, service tax, custom duty, wealth tax, excise duty which have not been deposited with the appropriate authorities 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 share, 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 prima facia 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, clause 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 explanation given to us, we have not 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 Reg. No.: 121750W

(Ramesh Gupta)
Partner
Membership No.: 102306

Place: Mumbai
Date : May 25, 2013

BALANCE SHEET AS AT MARCH 31, 2013

			Note No.	As at 31.03.2013 ₹	As at 31.03.2012 ₹
I	**EQUITY AND LIABILITES**				
1	**Shareholders' funds**				
	(a)	Share capital	2	66,000,000	66,000,000
	(b)	Reserves and surplus	3	2,820,170,690	2,549,810,543
				2,886,170,690	2,615,810,543
2	**Non-current liabilities**				
	(a)	Long-term borrowings	4	289,411,058	7,689,051
	(b)	Deferred tax liabilites (net)	5	39,063,890	31,895,306
	(c)	Long-term provisions	6	9,896,903	9,239,113
				338,371,851	48,823,470
3	**Current liabilites**				
	(a)	Short-term borrowings	7	665,275,835	737,280,354
	(b)	Trade payables	8	10,436,763	453,247,048
	(c)	Other current liabilites	9	59,975,558	101,139,757
	(d)	Short-term provisions	10	75,054,670	64,696,546
				810,742,826	1,356,363,705
	TOTAL			**4,035,285,367**	**4,020,997,718**
II	**ASSETS**				
1	**Non-current assets**				
	(a)	Fixed assets	11		
		(i) Tangible assets		416,485,791	405,028,954
		(ii) Intangible assets		1,221,926	-
	(b)	Non-current investments	12	2,657,213,000	2,006,844,000
	(c)	Long-term loans and advances	13	2,098,594	45,774,096
	(d)	Other non-current assets	14	603,452	-
				3,077,622,763	2,457,647,050
2	**Current assets**				
	(a)	Current investments	15	798,579,389	947,005,265
	(b)	Trade receivables	16	48,935,136	530,782,175
	(c)	Cash and bank balances	17	25,720,474	33,935,606
	(d)	Short-term loans and advances	18	74,341,319	39,551,801
	(e)	Other current assets	19	10,086,286	12,075,821
				957,662,604	1,563,350,668
	TOTAL			**4,035,285,367**	**4,020,997,718**
	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

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Ramesh Gupta
Partner
Membership No. 102306

Kanchan Singh
Company Secretary

Place : Mumbai
Date : May 25, 2013

Place : Mumbai
Date : May 25, 2013

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2013

		Note No.	Current Year ₹	Previous Year ₹
I	Revenue from operations	20	1,068,016,141	1,377,131,251
II	Other income	21	37,248,963	58,000,723
III	**Total revenue (I+II)**		**1,105,265,104**	**1,435,131,974**
IV	**Expenses**			
	Employee benefits expense	22	231,056,370	238,227,806
	Finance cost	23	104,731,233	56,075,286
	Depreciation / amortisation expenses		14,744,373	14,154,483
	Other expenses	24	279,372,882	656,200,854
	Total expenses		**629,904,858**	**964,658,429**
V	**Profit before tax (III-IV)**		**475,360,246**	**470,473,545**
VI	**Tax expenses**			
	- current tax		151,500,000	147,124,348
	- deferred tax		7,168,584	6,220,000
	- prior period tax adjustments		1,495	6,333,198
			158,670,079	**159,677,546**
VII	**Profit after tax (V-VI)**		**316,690,167**	**310,795,999**
	Basic earnings per share		47.98	47.09
	Diluted earnings per share		47.98	47.09
	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 : May 25, 2013

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : May 25, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Current Year ₹	Previous Year ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**475,360,246**	**470,473,545**
Adjustments for		
Depreciation /amortisation	14,744,373	14,154,483
Loss / (profit) on sale of fixed assets	4,313,170	994,817
Interest income on short term investments	(54,641,085)	(32,029,265)
Interest income - others	(353,543)	(21,553,451)
Interest expenses	103,954,347	53,697,536
Profit on sale of current investments (net)	(59,574,235)	(114,639,054)
Dividend income on short term investments	-	(2,906,964)
Deposits / bad debts written-off	5,547,930	6,374,041
Balances written back	(1,286,741)	(796,112)
Operating profit before working capital adjustments	**488,064,462**	**373,769,576**
Adjustments for		
(Increase) / decrease in trade and other receivables	463,779,058	102,907,617
Increase / (decrease) in trade and other payables	(457,209,328)	456,730,455
Cash generated from operations	**494,634,192**	**933,407,648**
Direct taxes paid	(143,871,443)	(158,344,867)
Net cash generated from operating activities	**350,762,749**	**775,062,781**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(36,536,306)	(5,585,380)
Sale of fixed assets	4,800,000	100,000
(Purchase) / sale of investments (net)	(442,368,889)	(1,394,037,201)
Deposits with bank with more than 3 months maturity	560,698	86,024
Loan advanced to subsidiary	-	200,000,000
Dividend income on short term investments	-	2,906,964
Interest income on short term investments	56,512,646	20,619,839
Interest income - others	353,543	21,701,397
Net cash generated used in investing activities	**(416,678,308)**	**(1,154,208,357)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayment) of borrowings (net)	206,959,453	440,660,443
Interest paid	(102,921,685)	(49,036,253)
Dividend paid	(39,600,000)	(19,800,000)
Dividend distribution tax paid	(6,424,110)	(3,212,055)
Net cash generated from financing activities	**58,013,658**	**368,612,135**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(7,901,901)**	**(10,533,441)**
Cash and cash equivalents at the beginning of the year	32,672,570	43,206,011
Cash and cash equivalents at the end of the year	**24,770,669**	**32,672,570**

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 Central Government of India.

As per our report of even date attached

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : May 25, 2013

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : May 25, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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 fees 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.

Assets individually costing Rs 5,000 or less are fully depreciated in the year purchase.

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 fair 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, 2013

h) Retirement benefits:

i) Defined contribution plans

The Company contributes to Employee's 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, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
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 31.03.2013		As at 31.03.2012	
	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, 2013, the amount per share final dividend recognised as distributions to equity shareholders is ₹ 6; (Previous year ₹ 6 final 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 31.03.2013		As at 31.03.2012	
	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, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
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	404,588,960	372,088,960
Add: Additions during the year	32,500,000	32,500,000
Closing balance	**437,088,960**	**404,588,960**
Surplus in statement of profit and loss		
Opening balance	1,733,721,583	1,501,449,694
Add: Profit for the year	316,690,167	310,795,999
Amount available for appropriation	**2,050,411,750**	**1,812,245,693**
Appropriations:		
Proposed dividend	39,600,000	39,600,000
Dividend distribution tax	6,730,020	6,424,110
Transfer to general reserves	32,500,000	32,500,000
Closing balance	1,971,581,730	1,733,721,583
	2,820,170,690	**2,549,810,543**
NOTE - 4		
LONG TERM BORROWINGS		
Secured		
Term loans		
From NBFC*	280,000,000	-
Vehicle loans		
From banks**	9,186,479	6,843,013
From non-banking financial company (NBFC)***	224,579	846,038
	289,411,058	**7,689,051**

*Term 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 lumpsum at the end of the term of loan of 24 months, with a put and call option at the end of one year.

**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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - 5		
DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Depreciation	42,439,304	34,951,244
	42,439,304	**34,951,244**
Less: Deferred tax assets:		
Expenses allowable on payment basis (gratuity)	3,375,414	3,055,938
	3,375,414	3,055,938
	39,063,890	**31,895,306**
NOTE - 6		
LONG TERM PROVISIONS		
For employee benefits		
Gratuity (unfunded)	9,896,903	9,239,113
	9,896,903	**9,239,113**
NOTE - 7		
SHORT TERM BORROWINGS		
Secured		
Other loans and advances		
Working capital loan from NBFC*	-	300,000,000
Bank overdraft**	665,275,835	437,280,354
	665,275,835	**737,280,354**

*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 lumpsum 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 trade payable other than micro, and small enterprises	10,436,763	453,247,048
	10,436,763	**453,247,048**
NOTE - 9		
OTHER CURRENT LIABILITIES		
Current maturities of long-term debt - from banks (Refer note no.4)	7,698,723	10,528,121
Current maturities of long-term debt - NBFC (Refer note no.4)	621,459	550,096
Interest accrued and due on borrowings	2,461,315	2,470,216
Interest accrued but not due on short term borrowings	751,653	2,080,327
Creditors for capital goods	34,550	67,000
Unpaid dividends*	947,378	760,609
Statutory dues	7,768,339	21,467,615
Deposits	27,918,000	35,640,000
Employees dues	10,674,141	27,575,773
Advance received against sale of fixed assets	1,100,000	-
	59,975,558	**101,139,757**

*During the year, ₹ 84,080 (Previous year ₹ 38,790) has been credited into Investor Education and Protection Fund under Section 205C of the Companies Act, 1956. Further, there are no dues as at March 31, 2013 which needs to be credited into Investor Education and Protection Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - 10		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity (unfunded)	33,706	178,260
Leave encashment	832,424	635,945
	866,130	814,205
Others		
Provision for taxation (net of advance tax ₹ 788,178,263 previous year ₹ 644,124,975)	27,858,520	17,858,231
Provision for proposed dividend	39,600,000	39,600,000
Provision for dividend distribution tax	6,730,020	6,424,110
	74,188,540	63,882,341
	75,054,670	**64,696,546**

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 improvements	Vehicles	Total	Software	Total
Gross block (at cost)											
As at April 1, 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 March 31, 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**
As at April 1, 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
Additions	-	387,475	123,156	650,843	7,686,250	-	-	25,998,358	34,846,082	1,690,224	1,690,224
Deductions/adjustments	-	-	-	-	-	-	-	12,543,038	12,543,038	-	-
As at March 31, 2013	**369,060**	**13,531,653**	**20,360,629**	**12,715,284**	**28,297,389**	**343,500,152**	**14,971,303**	**61,374,087**	**495,119,557**	**4,084,073**	**4,084,073**
Depreciation/amortisation											
As at March 31, 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 March 31, 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**
As at March 31, 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
For the year	17,532	988,405	1,297,594	582,827	356,216	5,599,052	-	5,434,449	14,276,075	468,298	468,298
Deductions/adjustments	-	-	-	-	-		-	3,429,868	3,429,868	-	-
As at March 31, 2013	**314,063**	**10,763,314**	**6,785,390**	**4,018,779**	**3,032,633**	**26,706,711**	**14,971,303**	**12,041,573**	**78,633,766**	**2,862,147**	**2,862,147**
Net block											
At March 31, 2012	72,529	3,369,269	14,749,677	8,628,489	17,934,722	322,392,493	-	37,881,775	405,028,954	-	-
As at March 31, 2013	**54,997**	**2,768,339**	**13,575,239**	**8,696,505**	**25,264,756**	**316,793,441**	**-**	**49,332,514**	**416,485,791**	**1,221,926**	**1,221,926**

Notes:

1. Vehicles include vehicles hypothecated against loan taken having net block of ₹ 34,326,416 (as at 31.03.2012 ₹ 29,863,257)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Face Value ₹	As at 31.03.2013 Number	As at 31.03.2013 ₹	As at 31.03.2012 Number	As at 31.03.2012 ₹
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	19,653,740	2,415,524,000	14,648,740	1,764,874,000
Equity shares of A. K. Wealth Management Private Limited	10	2,250,000	22,500,000	2,250,000	22,500,000
			2,579,024,000		1,928,374,000
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. Credit Analysis and Research Limited	10	-	-	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	415,000	68,100,000
Non trade, unquoted - others					
Units of Urban Infrastructure Venture Capital Limited	100,000	70	8,995,000	70	9,275,000
			78,189,000		78,470,000
TOTAL			**2,657,213,000**		**2,006,844,000**
Aggregate amount of unquoted investments			**2,657,213,000**		**2,006,844,000**

Note:

During the year, cost of investment in Urban Infrastructure Venture Capital Limited has been reduced by ₹ 280,000 on account of distribution received from Urban Infrastructure Opportunity fund by way of return of capital vide letter dated January 14, 2013 and January 28, 2013.

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - 13		
LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital advances	-	8,121,970
Deposits	544,219	36,602,105
Other loans and advances		
Advances to employees	1,512,231	1,039,908
Prepaid expenses	42,144	10,113
	2,098,594	**45,774,096**
NOTE - 14		
OTHER NON-CURRENT ASSETS		
Other bank balances (Refer note no.17)		
Bank deposits with more than 12 months maturity*	598,385	-
Interest receivable on fixed deposit	5,067	-
	603,452	**-**

*lying with bank against margin money ₹ 603,452; previous year ₹ Nil

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Face Value ₹	As at 31.03.2013 Number	As at 31.03.2013 ₹	As at 31.03.2012 Number	As at 31.03.2012 ₹
NOTE - 15					
CURRENT INVESTMENTS					
Non trade, quoted (fully paid-up) - current					
Equity shares					
Shamken Spinners Ltd	10	8,500	9,010	8,500	9,010
Bonds					
10.29% West Bengal State Electricity Transmission Company Ltd-2021	1,000,000	-	-	95	96,057,150
11% Dewan Housing Finance Corporation Ltd 2022	100,000	-	-	5,000	500,050,000
11.40% The Lakshmi Vilas Bank Ltd 2018	1,000,000	-	-	2	2,000,000
11.90% SREI Infrastructure Finance Ltd 2022	100,000	-	-	3,396	339,689,105
12.25% Cholamandalam Investment and Finance Company Ltd 2018	1,000,000	-	-	2	2,000,000
9% National Thermal Power Corporation Ltd 2027	200,000	-	-	36	7,200,000
10.50% Shriram Transport Finance Company Ltd 2018	1,000,000	100	100,000,000	-	-
10.60% Dewan Housing Finance Corporation Ltd 2023-series-VIII (D)	1,000,000	132	133,895,300	-	-
10.60% Dewan Housing Finance Corporation Ltd 2023-series-IX (D)	1,000,000	55	55,010,000	-	-
10.65% Shriram Transport Finance Company Ltd 2023	1,000,000	100	100,000,000	-	-
10.75% Dewan Housing Finance Corporation Ltd 2023	1,000,000	30	30,000,000	-	-
10.75% Shriram Transport Finance Company Ltd 2022	1,000,000	35	35,041,114	-	-
11% Dewan Housing Finance Corporation Ltd 2022	100,000	360	36,064,800	-	-
11.20% Dewan Housing Finance Corporation Ltd 2022	1,000,000	26	26,007,800	-	-
11.50% Magma Fincorp Ltd 2018	1,000,000	50	50,688,500	-	-
11.50% Magma Fincorp Ltd 2022	1,000,000	20	20,304,000	-	-
11.90% Dhanlaxmi Bank Ltd 2018	1,000,000	28	28,016,800	-	-
12.18% Dewan Housing Finance Corporation Ltd 2023	1,000,000	15	15,000,000	-	-
12.37% Dewan Housing Finance Corporation Ltd 2023	1,000,000	3	3,000,000	-	-
12.75% Dewan Housing Finance Corporation Ltd 2023	1,000,000	20	20,000,000	-	-
7% Industrial Development Bank of India 2019	5,000	155	775,233	-	-
8.20% National Highways Authority of India 2022	1,000	1,000	1,070,063	-	-
8.57% Mahanagar Telephone Nigam Ltd 2023	1,000,000	80	80,000,000	-	-
8.60% LIC Housing Finance Ltd 2020	1,000,000	4	4,225,744	-	-
8.94% Power Finance Corporation Ltd 2028	1,000,000	5	5,001,500	-	-
8.99% Industrial Development Bank of India 2027	1,000,000	5	5,057,425	-	-
9.50% Tourism Finance Corporation of India Ltd 2023	1,000,000	5	5,000,000	-	-
9.60% Tourism Finance Corporation of India Ltd 2028	1,000,000	28	28,240,900	-	-
9.65% Tourism Finance Corporation of India Ltd 2033	1,000,000	16	16,171,200	-	-
TOTAL			**798,579,389**		**947,005,265**
Aggregate amount of quoted investments					
Equity			9,010		9,010
Bonds			798,570,379		946,996,255
Aggregate market value of quoted investments					
Equity			9,010		9,010
Bonds*			798,570,379		946,996,255

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

(Refer note no. 26)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
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	48,884,187	526,298,911
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	50,949	4,483,264
	48,935,136	**530,782,175**
NOTE - 17		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks	24,074,888	31,731,039
Cash on hand	695,781	941,531
	24,770,669	32,672,570
Other bank balances:		
Bank deposits with less than 12 months maturity*	-	500,000
Earmarked balances (unpaid dividend accounts)	949,805	763,036
	949,805	1,263,036
	25,720,474	**33,935,606**
*lying with bank against margin money ₹ Nil; previous year ₹ 560,698		
NOTE - 18		
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
Loans and advances to others		
Loans and advances to other parties	495,073	82,489
Deposits	36,335,326	2,657,300
Prepaid expenses	1,425,453	1,150,012
Balances with government authorities	423,467	-
	74,341,319	**39,551,801**
NOTE - 19		
OTHER CURRENT ASSETS		
Current maturities of long term loans and advances	299,134	356,410
Interest receivable on investments	9,787,152	11,658,713
Interest receivable on fixed deposit (Refer note no. 17)	-	60,698
	10,086,286	**12,075,821**

	Current Year ₹	Previous Year ₹
NOTE - 20		
REVENUE FROM OPERATIONS		
Sale of services	953,800,821	1,227,555,968
Interest income	54,641,085	32,029,265
Profit / (Loss) on sale of current investments (net)	59,574,235	114,639,054
Dividend income on current investments	-	2,906,964
	1,068,016,141	**1,377,131,251**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Current Year ₹	Previous Year ₹
NOTE - 21		
OTHER INCOME		
Rent income	35,287,113	35,640,000
Interest income	353,543	21,553,451
Other non operating income	1,608,307	807,272
	37,248,963	**58,000,723**
NOTE - 22		
EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	225,732,719	234,125,725
Contribution to provident fund	577,477	382,497
Staff welfare expenses	4,746,174	3,719,584
	231,056,370	**238,227,806**
NOTE - 23		
FINANCE COST		
Interest expenses	101,584,110	52,821,884
Others borrowing costs	776,886	2,377,750
Interest on income tax	2,370,237	875,652
	104,731,233	**56,075,286**
NOTE - 24		
OTHER EXPENSES		
Electricity expenses	5,462,578	4,021,265
Rent expenses	72,708,131	73,215,320
Repairs and maintenance:		
- building	7,705,572	8,402,540
- others	2,302,357	2,000,898
Rates and taxes	2,796,154	2,606,497
Travelling expenses	16,747,474	13,198,211
Auditor's remuneration:		
As auditor	235,000	235,000
for other services	74,000	123,000
Professional fees	4,149,743	12,656,412
Printing and stationary expenses	8,445,355	8,533,354
Bad debts	5,547,930	6,374,041
Advertisement expenses	4,969,000	9,774,765
Business promotion expenses	14,466,731	13,677,085
Incentive expenses	39,690,740	17,850,352
Sub arranger fees	68,245,000	464,731,778
Loss on sale of fixed asset	4,313,170	994,817
Miscellaneous expenses	21,513,947	17,805,519
	279,372,882	**656,200,854**

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
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	2,500,000,000	1,500,000,000
	2,500,000,000	**1,500,000,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013		As at 31.03.2012	
	Number	₹	Number	₹
NOTE - 26				
FOLLOWING ARE THE DETAILS OF SECURITIES PLEDGED WITH THE BANK				
11.90% SREI Infrastructure Finance Ltd 2022	-	-	3,390	339,869,946
11% Dewan Housing Finance Corporation Ltd 2022	-	-	2,500	250,000,000
11.20% Dewan Housing Finance Corporation Ltd 2022	26	26,007,800	-	-
10.60% Dewan Housing Finance Corporation Ltd 2023-series-VIII(D)	127	128,892,300	-	-
10.60% Dewan Housing Finance Corporation Ltd 2023-series- XI (D)	55	55,010,000	-	-
10.75% Shriram Transport Finance Company Ltd 2022	35	35,041,114	-	-
11.00% Dewan Housing Finance Corporation Ltd 2022	360	36,064,800	-	-
11.50% Magma Fincorp Ltd 2018	50	50,688,500	-	-
11.50% Magma Fincorp Ltd 2022	20	20,304,000	-	-
11.90% Dhanlaxmi Bank Ltd 2018	28	28,016,800	-	-
8.20% National Highways Authority of India 2022	1,000	1,070,063	-	-
8.60% LIC Housing Finance Ltd 2020	4	4,225,744	-	-
8.99% Industrial Development Bank of India 2027	2	2,025,800	-	-
9.50% Tourism Finance Corporation of India Ltd 2023	5	5,000,000	-	-
9.60% Tourism Finance Corporation of India Ltd 2028	28	28,240,900	-	-
9.65% Tourism Finance Corporation of India Ltd 2033	16	16,171,200	-	-
12.75% Dewan Housing Finance Corporation Ltd 2023	20	20,000,000	-	-
12.37% Dewan Housing Finance Corporation Ltd 2023	3	3,000,000	-	-
12.18% Dewan Housing Finance Corporation Ltd 2023	15	15,000,000	-	-
10.75% Dewan Housing Finance Corporation Ltd 2023	30	30,000,000	-	-
10.50% Shriram Transport Finance Company Ltd 2018	100	100,000,000	-	-
10.65% Shriram Transport Finance Company Ltd 2023	100	100,000,000	-	-
8.57% Mahanagar Telephone Nigam Ltd 2023	80	80,000,000	-	-
8.94% Power Finance Corporation Ltd 2028	5	5,001,500	-	-
Total	**2,109**	**789,760,521**	**5,890**	**589,869,946**

	Current Year ₹	Previous Year ₹
NOTE - 27		
DETAILS OF SALES OF SERVICES		
Merchant banking fees	951,603,822	1,226,920,204
Brokerage received	2,196,999	635,764
	953,800,821	**1,227,555,968**
NOTE - 28		
EXPENDITURE IN FOREIGN CURRENCY		
Travelling expenses	611,320	425,474
	611,320	**425,474**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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	9,417,373	6,861,000
Interest cost	753,390	548,880
Service cost	1,928,030	1,965,322
Benefits paid	(1,684,934)	-
Actuarial (gain)/loss on obligation	(483,250)	42,171
Present value of obligation as at year end	9,930,609	9,417,373
Amount recognised in the balance sheet		
Present value of obligation, as at year end	9,930,609	9,417,373
Fair value of plan assets as at year end	-	-
Assets recognised in the balance sheet	-	-
Liabilities recognised in the balance sheet	9,930,609	9,417,373
Net gratuity cost		
Current service cost	1,928,030	1,965,322
Interest cost	753,390	548,880
Expected return on plan assets	-	-
Net actuarial (gain)/loss to be recognised	(483,250)	42,171
Net gratuity cost (Included in salaries and wages)	2,198,170	2,556,373
Assumptions used in accounting for the gratuity plan		
Mortality	LIC (1994-96)	LIC (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, 2013

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)

A. K. Capital Finance Private Limited

Key managerial personnel

Mr. A. K. Mittal

Mr. Deepak Mittal

Relative of key management personnel

Mrs. Anshu

Mr. Abhinav Kumar Mittal

Enterprise in which relative of key management personnel is having significant influence

M Square Automobile Private Limited

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 securites premium)		
A. K. Capital Finance Private Limited	650,650,000	1,250,000,000
Inter corporate deposits given		
A. K. Capital Finance Private Limited	-	300,000,000
Inter corporate deposits received back		
A. K. Capital Finance Private Limited	-	500,000,000
Interest received		
A. K. Capital Finance Private Limited	-	21,386,610
Directors remuneration (including perquisites)		
A. K. Mittal	37,356,000	29,896,000
Deepak Mittal	7,838,360	13,878,360
Brokerage expense		
A. K. Stockmart Private Limited	183,966	236,641
Sub-arranger fees		
A. K. Stockmart Private Limited	-	406,638,647
Amount written back during the year		
A. K. Stockmart Private Limited	22,788,678	-
Demat charges		
A. K. Stockmart Private Limited	-	341
Purchase of Car		
M Square Automobile Private Limited	13,017,223	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Current Year ₹	Previous Year ₹
NOTE - 31 (Contd.)		
Repairs and Maintenance charges paid for car		
M Square Automobile Private Limited	295,636	-
Rent expense		
A. K. Mittal	6,158,000	6,408,000
Anshu	3,378,000	3,528,000
Abhinav Kumar Mittal	4,894,600	5,169,600
Director's sitting fees		
Anshu	30,000	40,000
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	2,500,000,000	1,500,000,000
Trade payable as at year end		
A. K. Stockmart Private Limited	-	448,522,428
A. K. Mittal	-	10,000
Deepak Mittal	-	6,910
Anshu	-	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 31.03.2013 ₹	As at 31.03.2012 ₹
Not later than one year	17,378,120	18,105,722
Later than one year and not later than five years	-	17,065,620

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 ₹19,102,222 (previous year ₹ 5,895,420).

Above disclosure is for leases entered after April 1, 2001, as per Accounting Standard (AS) - 19 'Leases' as notified by Central Government of India.

ii Where the Company is lessor:

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

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Not later than one year	19,737,726	-

The amount of minimum lease income with respect to the above lease recognised in the statement of profit and loss for the year is ₹ 1,200,774 (previous year ₹ 22,131,290).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Current Year	Previous Year
NOTE - 33		
EARNINGS PER SHARE		
Net profit after tax as per statement of profit and loss (₹)	316,690,167	310,795,999
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 (₹)	47.98	47.09
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

Previous year figures have been regrouped or rearranged, wherever considered necessary, to confirm with 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 : May 25, 2013

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place: Mumbai
Date : May 25, 2013

INDEPENDENT AUDITORS' REPORT

To,
The Board of Directors of
A. K. Capital Services Limited

We have audited the accompanying consolidated financial statements of **A. K. Capital Services Limited** ("the Company") and its subsidiaries, (collectively referred to as "the Group") which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements 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, 2013;

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.

Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 260,493,332 as at March 31, 2013, total revenues of ₹ 326,390,809 and net cash outflows amounting to ₹ 7,574,773 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 121750W

(Ramesh Gupta)
Partner
Membership No.: 102306

Place : Mumbai
Date : May 25, 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

		Note No.	As at 31.03.2013 ₹	As at 31.03.2012 ₹
I	**EQUITY AND LIABILITES**			
1	**Shareholders' funds**			
	(a) Share capital	2	66,000,000	66,000,000
	(b) Reserves and surplus	3	3,109,194,553	2,696,267,891
			3,175,194,553	2,762,267,891
	Minority interest		39,756,259	37,584,197
2	**Non-current liabilities**			
	(a) Long-term borrowings	4	297,776,157	7,689,051
	(b) Deferred tax liabilities (net)	5	38,255,338	31,536,793
	(c) Long-term provisions	6	12,909,007	10,645,041
			348,940,502	49,870,885
3	**Current liabilities**			
	(a) Short-term borrowings	7	3,936,292,769	1,995,616,181
	(b) Trade payables	8	41,954,549	590,679,626
	(c) Other current liabilities	9	85,893,333	112,364,342
	(d) Short-term provisions	10	92,417,311	102,893,517
			4,156,557,962	2,801,553,666
	TOTAL		**7,720,449,276**	**5,651,276,639**
II	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets	11		
	(i) Tangible assets		427,681,922	407,213,702
	(ii) Intangible assets		3,993,620	1,720,899
	(b) Goodwill on consolidation		19,230,053	19,636,801
	(c) Non-current investments	12	658,870,446	633,519,565
	(d) Long-term loans and advances	13	99,715,716	117,643,152
	(e) Other non-current assets	14	23,920,758	27,813,576
			1,233,412,515	1,207,547,695
2	**Current Assets**			
	(a) Current investments	15	798,579,389	947,005,265
	(b) Inventories	16	4,677,196,538	2,471,642,855
	(c) Trade receivables	17	313,146,179	728,142,902
	(d) Cash and bank balances	18	497,954,916	125,456,236
	(e) Short-term loans and advances	19	141,903,471	146,704,219
	(f) Other current assets	20	58,256,268	24,777,467
			6,487,036,761	4,443,728,944
	TOTAL		**7,720,449,276**	**5,651,276,639**
	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 : May 25, 2013

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : May 25, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

		Note No.	Current Year ₹	Previous Year ₹
I	Revenue from operations	21	1,933,265,825	1,945,871,919
II	Other Income	22	40,250,495	38,984,531
III	**Total revenue (I+II)**		**1,973,516,320**	**1,984,856,450**
IV	**EXPENSES**			
	Employee benefits expense	23	340,912,104	308,272,098
	Finance cost	24	370,716,235	92,628,987
	Depreciation / amortisation expenses		17,015,773	16,653,906
	Other expenses	25	554,579,243	981,423,113
	General provision on standard assets		35,552	382,223
	Total expenses		**1,283,258,907**	**1,399,360,327**
V	**Profit before tax (III-IV)**		**690,257,413**	**585,496,123**
VI	**Tax expenses**			
	- current tax		221,700,000	190,070,208
	- deferred tax		6,718,545	5,396,913
	- prior period tax adjustment		3,376	6,760,973
			228,421,921	**202,228,094**
VII	**Profit after tax and before minority interest (V-VI)**		**461,835,492**	**383,268,029**
	Share of minority interest		(1,545,319)	(2,762,120)
VIII	**Profit after tax and minority interest**		460,290,173	380,505,909
	Adjustment on account of further investment in subsidiary company		(639,963)	524,345
IX	**Profit for the year**		**459,650,210**	**381,030,254**
X	**Earnings per share (₹):**	34		
	Basic earnings per share		69.74	57.65
	Diluted earnings per share		69.74	57.65
	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 : May 25, 2013

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : May 25, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		Current Year ₹	Previous Year ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	**690,257,413**	**585,496,123**
	Adjustments for		
	Depreciation / amortisation	17,015,773	16,653,906
	Loss/(profit) on sale of fixed assets (net)	4,313,170	994,817
	Interest income on short term investments	(388,205,284)	(94,325,409)
	Interest income - others	(2,668,407)	(2,126,954)
	Interest expenses	365,823,436	86,200,604
	General provision for standard assets	35,552	382,223
	Profit on sale of current investments (net)	(63,099,443)	(95,262,150)
	Dividend income on short term investments	(990,418)	(6,421,546)
	Dividend income on long term investments	(9,578,523)	(9,288,646)
	Bad debts written-off	5,547,930	7,590,160
	Balances written back (net)	(1,286,741)	(796,112)
	Operating profit before working capital adjustments	**617,164,458**	**489,097,016**
	Adjustments for		
	(Increase)/decrease in trade and othe receivables	373,527,173	6,264,711
	(Purchase)/ sale of inventory	(2,205,553,683)	(2,462,695,466)
	Increase/(decrease) in trade and other payables	(554,960,016)	587,989,755
	Cash generated from operations	**(1,769,822,068)**	**(1,379,343,984)**
	Direct taxes paid	(237,421,968)	(167,866,099)
	Net cash generated from operating activities	**(2,007,244,036)**	**(1,547,210,083)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(56,459,066)	(13,943,014)
	Sale of fixed assets	4,800,000	100,000
	(Purchase) / sale of investments (net)	186,174,438	(160,697,933)
	Deposits with bank with more than 3 months maturity	3,719,086	50,896,981
	Dividend income on short term investments	990,418	6,421,546
	Dividend income on long term investments	9,578,523	9,288,646
	Interest income on short term investments	398,920,285	72,708,434
	Interest income - others	3,853,732	437,629
	Net cash generated from/(used in) investing activities	**551,577,416**	**(34,787,711)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds/(repayment) of borrowings (net)	2,231,977,331	1,698,996,270
	Interest paid	(358,148,422)	(75,416,660)
	Dividend paid	(39,600,000)	(19,800,000)
	Dividend distribution tax paid	(6,424,110)	(3,212,055)
	Net cash generated from/(used in) financing activities	**1,827,804,799**	**1,600,567,555**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	372,138,179	18,569,761
	Cash and cash equivalents at the beginning of the year	97,866,932	79,297,171
	Cash and cash equivalents at the end of the year	**470,005,111**	**97,866,932**
	Cash and cash equivalents at the end of the year comprise of:		
	Cash on hand	1,668,386	2,228,557
	Balances with banks in current accounts	468,336,725	95,638,375
		470,005,111	**97,866,932**

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 Central Government of India.

As per our report of even date attached

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : May 25, 2013

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : May 25, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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 Employee's 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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 31.03.2013 ₹	As at 31.03.2012 ₹
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 31.03.2013		As at 31.03.2012	
	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

Name of shareholder	As at 31.03.2013		As at 31.03.2012	
	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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - 3		
RESERVES AND SURPLUS		
Special reserve*		
Opening balance	19,281,228	8,055,553
Add: Additions / Adjustments during the year	26,106,472	11,225,675
Closing balance	**45,387,700**	**19,281,228**
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	364,570,665	367,206,793
Add: Additions / Adjustments during the year	-	(2,636,128)
Closing balance	**364,570,665**	**364,570,665**
General reserve		
Opening balance	404,588,960	372,088,960
Add: Additions during the year	32,500,000	32,500,000
Closing balance	**437,088,960**	**404,588,960**
Surplus		
Opening balance	1,840,327,038	1,549,320,894
Add: Profit for the year	459,650,210	381,030,254
Amount available for appropriation	**2,299,977,248**	**1,930,351,148**
Appropriations:		
Proposed dividends	(39,600,000)	(39,600,000)
Interim dividends	-	-
Dividend distribution tax	(6,730,020)	(6,424,110)
Transfer to special reserves*	(26,500,000)	(11,500,000)
Transfer to general reserves	(32,500,000)	(32,500,000)
Closing balance	2,194,647,228	1,840,327,038
	3,109,194,553	**2,696,267,891**

*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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

NOTE - 4
LONG TERM BORROWINGS

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Secured		
Term loans		
From non-banking financial company (NBFC)*	280,000,000	-
Vehicle loans		
From banks**	13,203,257	6,843,013
From non-banking financial company (NBFC)***	4,572,900	846,038
	297,776,157	**7,689,051**

*Term 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 lumpsum at the end of the term of loan of 24 months, with a put and call option at the end of one year.

**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.

NOTE - 5
DEFERRED TAX LIABILITIES (NET)

Deferred tax liabilities:		
Timing difference arising on account of:		
Depreciation	43,478,348	35,719,296
	43,478,348	**35,719,296**
Less: Deferred tax assets:		
Timing difference arising on account of:		
Expenses allowable on payment basis (gratuity)	4,496,227	3,674,973
Depreciation	1,300	869
Expenses disallowed under section 35D	725,483	506,661
	5,223,010	4,182,503
	38,255,338	**31,536,793**

NOTE - 6
LONG TERM PROVISIONS

For employee benefits		
Gratuity (unfunded)	12,769,007	10,545,041
Others		
Contingent provision against standard assets	140,000	100,000
	12,909,007	**10,645,041**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

NOTE - 7

SHORT TERM BORROWINGS

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Secured		
Other loans and advances		
Working capital loan from NBFC*	-	300,000,000
Working capital loan from NBFC**	127,500,000	-
Working capital loan from banks***	2,723,516,934	1,250,000,000
Bank overdraft****	665,275,835	445,616,181
Working capital demand loan from Clearing Corporation of India Limited*****	420,000,000	-
	3,936,292,769	**1,995,616,181**

*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 demand loan from the NBFC is secured against pledge of shares.

***Working capital demand 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.

*****Loan from Clearing Corporation of India Limited is secured against pledge of government securites and Cash Deposit.

NOTE - 8

TRADE PAYABLES

Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues of creditors for expense other than micro, and small enterprises	41,954,549	590,679,626
	41,954,549	**590,679,626**

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 - 9

OTHER CURRENT LIABILITIES

Current maturities of long-term debt - from banks (Refer note no. 4)	9,783,715	10,528,121
Current maturities of long-term debt - from NBFC (Refer note no. 4)	2,508,139	550,096
Interest accrued and due on borrowings	8,686,727	4,898,737
Interest accrued but not due on borrowings	772,944	2,080,327
Creditors for fixed assets	34,550	67,000
Advance received against sale of fixed assets	1,100,000	-
Unpaid dividends*	947,378	760,609
Statutory dues	14,729,260	25,580,154
Deposits	27,918,000	35,640,000
Employees dues	19,410,723	32,240,034
Payable to exchange / clearing house (net)	1,897	19,264
	85,893,333	**112,364,342**

*During the year, ₹ 84,080 (previous 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, 2013 which needs to be credited into Investor Education and Protection Fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - 10		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity (unfunded)	560,200	788,750
Leave encashment	1,600,071	1,094,096
	2,160,271	1,882,846
Others		
Provision for taxation (net of advance tax ₹ 892,051,708; previous year ₹ 660,509,776)	43,649,245	54,173,430
Provision for proposed dividend	39,600,000	39,600,000
Provision for dividend distribution tax	6,730,020	6,424,110
Contingent provision against standard assets	277,775	813,131
	90,257,040	101,010,671
	92,417,311	**102,893,517**

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 Improvements	Vehicles*	Total	Software	Total
Gross block (at cost)											
As at April 1, 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
Additions	-	903,037	26,000	163,781	-	-	-	4,728,226	5,821,044	-	-
Deductions/adjustments	-	-	-	-	-	-	-	2,182,754	2,182,754	-	-
As at March 31, 2012	**369,060**	**18,247,918**	**20,379,422**	**12,430,221**	**20,611,139**	**343,500,152**	**14,971,303**	**47,918,767**	**478,427,982**	**7,525,099**	**7,525,099**
As at April 1, 2012	369,060	18,247,918	20,379,422	12,430,221	20,611,139	343,500,152	14,971,303	47,918,767	478,427,982	7,525,099	7,525,099
Additions	-	1,047,254	153,531	1,766,083	7,686,250	-	-	34,422,921	45,076,039	3,793,845	3,793,845
Deductions/adjustments	-	-	-	-	-	-	-	12,543,038	12,543,038	-	-
As at March 31, 2013	**369,060**	**19,295,172**	**20,532,953**	**14,196,304**	**28,297,389**	**343,500,152**	**14,971,303**	**69,798,650**	**510,960,983**	**11,318,944**	**11,318,944**
Depreciation/amortisation											
As at April 1, 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
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 March 31, 2012	**296,531**	**12,989,923**	**5,541,956**	**3,593,499**	**2,676,417**	**21,107,659**	**14,971,303**	**10,036,992**	**71,214,280**	**5,804,200**	**5,804,200**
As at April 1, 2012	296,531	12,989,923	5,541,956	3,593,499	2,676,417	21,107,659	14,971,303	10,036,992	71,214,280	5,804,200	5,804,200
For the year	17,532	1,815,360	1,343,859	671,057	356,216	5,599,052	-	5,691,573	15,494,649	1,521,124	1,521,124
Deductions/adjustments	-	-	-	-	-	-	-	3,429,868	3,429,868	-	-
As at March 31, 2013	**314,063**	**14,805,283**	**6,885,815**	**4,264,556**	**3,032,633**	**26,706,711**	**14,971,303**	**12,298,697**	**83,279,061**	**7,325,324**	**7,325,324**
Net block											
At March 31, 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
At March 31, 2013	**54,997**	**4,489,889**	**13,647,138**	**9,931,748**	**25,264,756**	**316,793,441**	**-**	**57,499,953**	**427,681,922**	**3,993,620**	**3,993,620**

* Vehicles includes vehicles hypothecated against term loan taken having net block of ₹ 42,493,855 (as at 31.03.2012 ₹ 29,863,257)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Face Value ₹	As at 31.03.2013 Number	As at 31.03.2013 ₹	As at 31.03.2012 Number	As at 31.03.2012 ₹
NOTE - 12					
NON CURRENT INVESTMENTS					
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. Credit Analysis and Research Limited	10	-	-	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	665,000	132,000,000
Total			**133,094,000**		**133,095,000**
Non- trade, quoted - others - Fully paid up					
Equity Shares of D S Kulkarni Developers Limited	10	53,444	3,952,502	14,163	942,505
Equity shares of EIH Limited	2	379,460	40,001,677	379,460	40,001,677
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	5,258,900	42,000	5,258,900
Equity shares of Indiabulls Wholesale Services Limited **	2	5,250	505,827	5,250	505,827
Equity shares of Indiabulls Infrastructure & Power Limited ***	2	123,900	583,533	123,900	583,533
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	33,116	1,882,469
Equity shares of Pipavav Defence and Offshore Engineering Limited	10	95,999	7,883,895	95,999	7,883,895
Equity shares of Punj Llyod Limited	2	334,000	38,523,649	334,000	38,523,649
Equity shares of Ruchira Papers Limited	10	181,990	3,608,890	181,990	3,608,890
Equity shares of SREI Infrastructure Finance Limited	10	1,015,385	61,917,854	1,015,385	61,917,854
Equity shares of Sujana Metals Limited	5	340,066	3,302,140	340,066	3,302,140
Equity shares of Sujana Towers Limited	1	50,000	2,039,955	50,000	2,039,955
Equity shares of UCO Bank Limited	10	2,765,683	289,205,584	2,615,683	278,322,783
Equity shares of Uflex Industries Limited	10	6,050	1,539,384	6,050	1,539,384
Equity shares of Welspun Corp Limited	5	65,779	16,352,719	65,779	16,352,719
Equity shares of LT Foods Limited	10	83,740	4,741,564	-	-
Equity shares of Liberty Shoes Limited	10	65,010	6,997,519	-	-
Total			**516,781,446**		**491,149,565**
Non-trade, unquoted - others					
Units of Urban Infrastructure Opportunity fund*	100,000	70	8,995,000	70	9,275,000
Total			**8,995,000**		**9,275,000**
Grand Total			**658,870,446**		**633,519,565**
Aggregate amount of quoted investments			516,781,446		491,149,565
Aggregate market value of quoted investments			272,730,994		324,263,371
Aggregate amount of unquoted investments			142,089,000		142,370,000

*During the year cost of Investment in urban Infrastructure Venture Capital Limited has been reduced by ₹ 280,000 on account of distribution received from Urban Infrastructure Opportunity fund by way of return of capital vide letter dated January 14, 2013 and January 28, 2013.

**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 shares in Indiabulls Real Estate Limited.

Note :

Shares pledged with Non-Banking Financial Institutions is ₹ 467,860,867 (previous year ₹ Nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - 13		
LONG-TERM LOANS AND ADVANCES		
Secured, considered good		
Loans and advances to others	56,000,000	40,000,000
Unsecured, considered good		
Other loans and advances		
Capital advances	7,589,182	8,121,970
Advances to employees	1,512,231	1,039,908
Security deposits	34,551,719	68,409,605
Prepaid expenses	62,584	71,669
	99,715,716	**117,643,152**

Capital advances includes advance against capital goods given to a private company, in which director of the company is a director (current year - ₹ 7,589,182; previous year ₹ Nil)

NOTE - 14		
OTHER NON-CURRENT ASSETS		
Other bank balances		
Bank deposits with more than 12 months maturity *	22,998,385	27,400,000
Interest receivable	922,373	413,576
	23,920,758	**27,813,576**

*Pledged against margin money, guarantees or security' deposit with stock exchanges and security against borrowings ₹ 23,920,758; previous year ₹ 22,813,576.

	Face Value ₹	As at 31.03.2013 Number	As at 31.03.2013 ₹	As at 31.03.2012 Number	As at 31.03.2012 ₹
NOTE - 15					
CURRENT INVESTMENTS					
Non trade, quoted (fully paid - up) - current					
Equity shares					
Shamken Spinners Ltd	10	8,500	9,010	8,500	9,010
Bonds					
10.29% West Bengal State Electricity Transmission Company Ltd-2021	1,000,000	-	-	95	96,057,150
11% Dewan Housing Finance Corporation Limited 2022	100,000	-	-	5,000	500,050,000
11.40% The Lakshmi Vilas Bank Limited 2018	1,000,000	-	-	2	2,000,000
11.90% SREI Infrastructure Finance Limited 2022	100,000	-	-	3,396	339,689,105
12.25% Cholamandalam Investment and Finance Company Ltd 2018	1,000,000	-	-	2	2,000,000
9% National Thermal Power Corporation Ltd 2027	200,000	-	-	36	7,200,000
10.50% Shriram Transport Finance Company Ltd 2018	1,000,000	100	100,000,000	-	-
10.60% Dewan Housing Finance Corporation Ltd 2023-series-VIII (D)	1,000,000	132	133,895,300	-	-
10.60% Dewan Housing Finance Corporation Ltd 2023-series-IX (D)	1,000,000	55	55,010,000	-	-
10.65% Shriram Transport Finance Company Ltd 2023	1,000,000	100	100,000,000	-	-
10.75% Dewan Housing Finance Corporation Ltd 2023	1,000,000	30	30,000,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Face Value ₹	As at 31.03.2013 Number	As at 31.03.2013 ₹	As at 31.03.2012 Number	As at 31.03.2012 ₹
NOTE - 15 (contd.)					
10.75% Shriram Transport Finance Company Ltd 2022	1,000,000	35	35,041,114	-	-
11% Dewan Housing Finance Corporation Ltd 202	100,000	360	36,064,800	-	-
11.20% Dewan Housing Finance Corporation Ltd 2022	1,000,000	26	26,007,800	-	-
11.50% Magma Fincorp Ltd 2018	1,000,000	50	50,688,500	-	-
11.50% Magma Fincorp Ltd 2022	1,000,000	20	20,304,000	-	-
11.90% Dhanlaxmi Bank Ltd 2018	1,000,000	28	28,016,800	-	-
12.18% Dewan Housing Finance Corporation Ltd 2023	1,000,000	15	15,000,000	-	-
12.37% Dewan Housing Finance Corporation Ltd 2023	1,000,000	3	3,000,000	-	-
12.75% Dewan Housing Finance Corporation Ltd 2023	1,000,000	20	20,000,000	-	-
7% Industrial Development Bank of India 2019	5,000	155	775,233	-	-
8.20% National Highways Authority of India 2022	1,000	1,000	1,070,063	-	-
8.57% Mahanagar Telephone Nigam Ltd 2023	1,000,000	80	80,000,000	-	-
8.60% LIC Housing Finance Ltd 2020	1,000,000	4	4,225,744	-	-
8.94% Power Finance Corporation Ltd 2028	1,000,000	5	5,001,500	-	-
8.99% Industrial Development Bank of India 2027	1,000,000	5	5,057,425	-	-
9.50% Tourism Finance Corporation of India Ltd 2023	1,000,000	5	5,000,000	-	-
9.60% Tourism Finance Corporation of India Ltd 2028	1,000,000	28	28,240,900	-	-
9.65% Tourism Finance Corporation of India Ltd 2033	1,000,000	16	16,171,200	-	-
TOTAL			**798,579,389**		**947,005,265**
Aggregate amount of quoted investments					
Equity			9,010		9,010
Bonds			798,570,379		946,996,255
Aggregate market value of quoted investments					
Equity			9,010		9,010
Bonds*			798,570,379		946,996,255

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

Note:

Bonds pledged with the Bank is ₹ 789,760,521 (previous year ₹ Nil)

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - 16		
INVENTORIES		
Equity shares	8,947,389	8,947,389
Bonds*	4,668,249,149	2,462,695,466
	4,677,196,538	**2,471,642,855**

*Bonds pledged with the bank is ₹ 3,205,663,456 (previous year ₹ 1,846,390,033) and Bonds pledged with Clearing Corporation of India Limited is ₹ 466,129,389 (previous year ₹ Nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
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	313,021,494	723,107,325
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	124,685	5,035,577
	313,146,179	**728,142,902**
Trade receivable includes debt due by private company, in which director of the company is a director (current year - Nil; previous year ₹ 13,039,666)		
NOTE - 18		
CASH AND BANK BALANCES		
Cash and cash equivalents:		
Cash on hand	1,668,386	2,228,557
Balances with banks in		
- current accounts	468,336,725	95,638,375
	470,005,111	97,866,932
Other bank balances:		
- Earmarked balances (unpaid dividend accounts)	949,805	763,036
- Bank deposits with less than 12 months maturity*	27,000,000	26,826,268
	27,949,805	27,589,304
	497,954,916	**125,456,236**
*Bank deposits includes deposits lying with bank against margin money ₹ Nil; previous year ₹ 560,698.		
NOTE - 19		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties:		
Deposits with directors and relatives	36,137,200	35,662,000
Secured, considered good		
Loans and advances to others	6,400,000	-
Unsecured, considered good		
Other loans and advances:		
Loans and advances to others	57,495,073	104,289,864
Deposits	36,385,326	2,657,300
Prepaid expenses	2,408,999	2,009,540
Balances with government authorities	3,076,873	2,085,515
	141,903,471	**146,704,219**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - 20		
OTHER CURRENT ASSETS		
Secured, considered good		
Current maturities of long term loans and advances to other parties	44,000,000	10,000,000
Interest accrued and due on loans to others	3,205,960	-
Unsecured, considered good		
Current maturities of long term loans and advances to other parties	299,134	356,410
Advances recoverable in cash or kind or for value to be received	-	492,656
Interest accrued and due on loans to others	504,000	1,689,325
Interest receivable on investments	9,787,152	11,658,713
Interest receivable on fixed deposit (Refer Note 18)	239,475	363,238
Receivable from Stock Exchange	220,547	217,125
	58,256,268	**24,777,467**

	Current Year ₹	Previous Year ₹
NOTE - 21		
REVENUE FROM OPERATIONS		
Sale of services (Refer note no. 31)	1,138,679,742	1,298,780,958
Brokerage	235,179,922	361,877,886
Interest income	388,205,284	94,325,409
Profit / (loss) on sale of investments	63,099,443	95,262,150
Dividend income on short term investments	990,418	6,421,546
Dividend income on long term investments	9,578,523	9,288,646
Income from trading in shares and securities (Refer note no. 32)	97,532,493	79,915,324
	1,933,265,825	**1,945,871,919**
NOTE - 22		
OTHER INCOME		
Rent income	35,287,113	35,640,000
Interest income	2,668,407	2,126,954
Excess provision of earlier years written back	530,908	-
Other non-operating income	1,764,067	1,217,577
	40,250,495	**38,984,531**
NOTE - 23		
EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	333,157,974	303,920,743
Contribution to provident and other funds	795,000	382,497
Staff welfare expenses	6,959,130	3,968,858
	340,912,104	**308,272,098**
NOTE - 24		
FINANCE COST		
Interest expenses	360,629,029	81,630,812
Others borrowing costs	4,892,799	6,428,383
Interest on income tax	5,194,407	4,569,792
	370,716,235	**92,628,987**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Current Year ₹	Previous Year ₹
NOTE - 25		
OTHER EXPENSES		
Electricity expenses	5,466,998	4,021,265
Rent expenses	72,927,847	73,215,320
Repairs and maintenance		
- building	7,705,572	8,402,540
- others	4,053,554	3,075,016
Rates and taxes	5,767,385	4,747,133
Travelling expenses	25,681,720	15,690,754
Auditor's remuneration:		
as auditor	383,961	408,961
for other services	121,028	125,809
Professional fees	10,357,670	13,244,555
Printing and stationary expenses	11,424,512	9,249,726
Bad debts	5,547,930	7,590,160
Advertisement expenses	4,969,000	9,774,765
Business promotion expenses	25,113,777	16,834,504
Incentive expenses	41,018,856	17,920,206
Sub arranger fees	101,458,500	57,856,490
Stock exchange expenses	1,629,684	1,172,796
Brokerage paid	168,689,422	710,807,944
IPO marketing fees	22,509,173	2,891,294
Miscellaneous expenses	39,752,654	24,393,875
	554,579,243	**981,423,113**

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-Feb-06
A. K. Capital Corporation Private Limited	India	100.00 (100.00)	Indian Rupees	29-Jan-07
A. K. Wealth Management Private Limited	India	100.00 (100.00)	Indian Rupees	12-May-10
A. K. Capital Finance Private Limited	India	98.51 (98.02)	Indian Rupees	04-Sep-08

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 ₹ 893,238 (previous year ₹ 1,203,592) 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, 2013 is ₹ 2,537,731 (as at March 31, 2012 ₹ 2,050,140).

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, has changed its accounting policy in previous year in respect of depreciation from Written Down Value method to Straight Line Method. There was 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

NOTE - 28

LEASES

i 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 31.03.2013 ₹	As at 31.03.2012 ₹
Not later than one year	17,378,120	18,105,722
Later than one year but less than five year	-	17,065,620

The amount of lease payments with respect to the above lease recognised in the statement of profit and loss for the year is ₹ 19,102,222 (previous year ₹ 5,895,420)

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

ii Where the Company is lessor:

The future minimum lease payments receivable are as follows:

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Not later than one year	19,737,726	-

The amount of minimum lease income with respect to the above lease recognised in the statement of profit and loss for the period is ₹ 1,200,774 (previous year ₹ 22,131,290).

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

NOTE - 29

RELATED PARTY DISCLOSURES:

i Related parties and their relationships:

Key Management Personnel

Mr. Atul Kumar Mittal

Mr. Deepak Mittal

Relative of Key Management Personnel

Mrs. Anshu

Mr. Abhinav Kumar Mittal

Ms. Aditi Mittal

Enterprise in which relative of key management personnel is having significant influence

M Square Automobile Private Limited

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Current Year ₹	Previous Year ₹
NOTE - 29 (contd.)		
ii Transactions with related parties:		
Remuneration to directors (including perquisites)		
Atul Kumar Mittal	38,956,000	29,896,000
Deepak Mittal	7,838,360	13,878,360
Abhinav Kumar Mittal	7,200,000	1,187,500
Aditi Mittal	1,500,000	1,191,667
Directors Sitting fees		
Anshu	30,000	40,000
Brokerage Received		
Atul Kumar Mittal	1,008	-
Aditi Mittal	1,069	-
Demat Charges Received		
Atul Kumar Mittal	330	-
Aditi Mittal	340	-
Rent paid		
Atul Kumar Mittal	6,377,716	6,408,000
Anshu	3,378,000	3,528,000
Abhinav Kumar Mittal	4,894,600	5,169,600
Repairs and Maintenance charges paid for car		
M Square Automobile Private Limited	295,636	-
Purchase of Car		
M Square Automobile Private Limited	20,767,223	-
Advance against Capital Goods		
M Square Automobile Private Limited	7,589,182	-
Rent deposit given outstanding as at year end		
Atul Kumar Mittal	16,725,200	16,250,000
Anshu	7,450,000	7,450,000
Abhinav Kumar Mittal	11,962,000	11,962,000
Payable as at year end		
Atul Kumar Mittal	-	10,000
Deepak Mittal	-	6,910
Anshu	-	9,000
Receivable as at year end		
M Square Automobile Private Limited	7,589,182	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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	11,333,791	7,930,084
	Interest cost	906,703	634,406
	Service cost	3,473,214	3,039,422
	Benefits paid	(1,684,934)	-
	Actuarial (gain)/loss on obligation	(699,567)	(270,121)
	Present value of obligation as at year end	13,329,207	11,333,791
b.	**Amount recognized in the Balance Sheet**		
	Present value of obligation, as at year end	13,329,207	11,333,791
	Fair value of plan assets as at year end	-	-
	Net liabilities recognized in the Balance Sheet	13,329,207	11,333,791
c.	**Expense recognized during the year**		
	Current service cost	3,473,214	3,039,422
	Interest cost	906,703	634,406
	Expected return on plan assets	-	-
	Net Actuarial (gain)/loss to be recognized	(699,567)	(270,121)
	Net periodic cost	3,680,350	3,403,707
d.	**Assumptions used in accounting for the gratuity plan**		
	Mortality rate	LIC (1994-96)	LIC (1994-96)
	Discount rate	8%	8%
	Salary escalation rate	5%	5%
	Expected rate of return on plan assets	0%	0%

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	951,603,822	1,226,920,204
Advisory fees	80,243,255	13,785,119
Service charges	96,665	132,952
Syndication and other fees	106,736,000	57,942,683
Total	**1,138,679,742**	**1,298,780,958**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Current Year ₹	Previous Year ₹
NOTE - 32		
INCOME FROM TRADING IN SHARES AND SECURITIES:		
Sales of shares and securities	76,810,718,165	62,541,629,018
Add: Closing inventories	4,677,196,538	2,471,642,855
Less: Opening inventories	2,471,642,855	8,947,389
Less: Purchases	78,918,739,355	64,924,409,160
Profit from trading in securities	**97,532,493**	**79,915,324**

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.

	Current Year	Previous Year
NOTE - 34		
EARNINGS PER SHARE (EPS):		
Net profit after tax after adjusting minority interest (₹)	460,290,173	380,505,909
Weighted average number of equity shares outstanding at the year end (No.)	6,600,000	6,600,000
Basic and diluted earnings per share (₹)	69.74	57.65
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

Previous year figures have been regrouped or rearranged, wherever considered necessary, to confirm with the current year's presentation.The Company has reclassified previous year figures to confirm 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 : May 25, 2013

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place: Mumbai
Date : May 25, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2012-13

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, 2013	March 31, 2013	March 31, 2013	March 31, 2013
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, 2013.	12,000,000 Equity shares	2,100,000 Equity shares	2,250,000 Equity shares	19,653,740 Equity shares
Face Value equity shares (₹)	10	10	10	10
Paid-up Equity Share Capital (₹)	120,000,000	21,000,000	22,500,000	199,500,000
Extent of holding of A. K. Capital Services Limited as on March 31, 2013.	100%	100%	100%	98.51%
Net aggregate profit/(loss) so far it concerns the members of the holding Company				
(a) For the financial year ended on March 31, 2013				
i. Not dealt with in the holding Company accounts (₹)	316,128,609	2,560,442	7,517,792	544,923,474
ii. Dealt with the holding Company accounts (₹)	183,966	-	-	-
(b) For the subsidiary Company previous financial years since it became a subsidiary				
i. Not dealt with in the holding Company accounts (₹)	389,516,301	2,389,252	5,386,113	182,546,260
ii. Dealt with the holding Company accounts (₹)	406,875,629	-	-	-

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	199,500,000
Reserves and surplus	42,379,059	7,340,870	2,182,869	2,477,666,685
Total Assets	210,691,337	28,937,352	25,568,575	5,996,006,280
Total Liabilities	210,691,337	28,937,352	25,568,575	5,996,006,280
Investments	19,906,892	-	-	561,495,478
Total Revenue	316,312,575	2,560,442	7,517,792	544,923,474
Profit before Tax	20,253,391	2,447,325	2,586,982	192,661,316
Provision for taxation (including Deferred Tax)	6,049,224	773,782	828,556	62,100,280
Profit after Tax	14,204,167	1,673,543	1,758,426	130,561,036

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place: Mumbai
Date : May 25, 2013

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

Proxy Form

20th 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 20th Annual General Meeting of the Company to be held on Saturday, August 17, 2013 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 _____ 2013, 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 Apartment, 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 20th Annual General Meeting of the Company to be held on Saturday, August 17, 2013 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 LTD.

BUILDING BONDS

Registered Office : Flat No. N, Sagar Apartment, 6, Tilak Marg, New Delhi - 110 001.