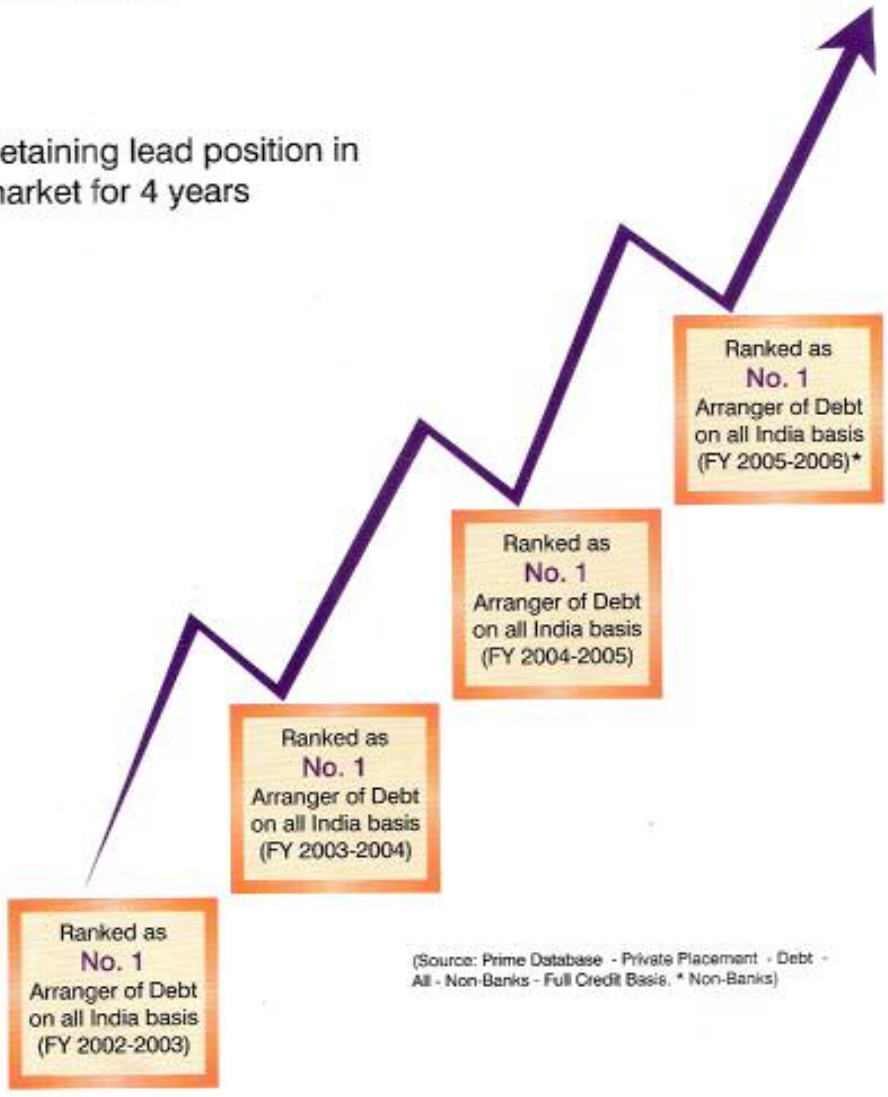
Growth almost twice in 2005-06 compared to 2004-05



Set a milestone by achieving
Profit After Tax of more than
Rs. 100 Millions

Accolades

Retaining lead position in market for 4 years



(Source: Prime Database - Private Placement - Debt - All - Non-Banks - Full Credit Basis. * Non-Banks)

The decade of A. K. Capital

- Profitable & Dividend paying since inception
- Participated in total debt of US$ 5,220 mn (approx) in FY 2005-06
- Grown from single office to 11 offices in 9 major cities of India
- Grown from a small team to a team of over 150 professionals
- Franchisee network of over 400 locations through brokers, sub-brokers, syndicate & sub-syndicate members spread all over India
- Wide client base spread across India, which includes all Banks, PSUs, SLUs, Private Corporate, Venture Funds, etc.

Current Year Ranking - Domestic Market

Sector: Overall

LEAGUE TABLE

ARRANGERS/INVESTORS

ISSUE TYPE : DEBT PRIVATE PLACEMENT

INSTRUMENT : ALL (BONDS/ NCD, PTC)

ISSUER TYPE : ALL

INDUSTRY : ALL

OTHER CONDITIONS :
(1) ALL ISSUES : DISTRIBUTED, STRUCTURED, ON-TAP & MOBILISATION
(2) ONLY ISSUES WITH BOTH TENOR AND PUT/CALL OF 1 YEAR AND ABOVE
(3) ISSUE AMOUNT CREDIT ON FULL BASIS TO CONCERNED ARRANGERS
(4) ISSUE AMOUNT IN INDIAN RUPEES

PERIOD : APRIL 2005 - MARCH 2006

NON - BANKS

Rank	Arranger/Investor	Total Amount (Rs. in Bn.)	% of Total	Total No. of Issues
1	AK CAPITAL SERVICES LTD.	245.48	34.6	64

Sector: Public Sector Banks

LEAGUE TABLE

ARRANGERS/INVESTORS

ISSUE TYPE : DEBT PRIVATE PLACEMENT

INSTRUMENT : ALL (BONDS/ NCD, PTC)

ISSUER TYPE : PUBLIC SECTOR BANKS

OTHER CONDITIONS :
(1) ALL ISSUES : DISTRIBUTED, STRUCTURED, ON-TAP & MOBILISATION
(2) ONLY ISSUES WITH BOTH TENOR AND PUT/CALL OF 1 YEAR AND ABOVE
(3) ISSUE AMOUNT CREDIT ON FULL BASIS TO CONCERNED ARRANGERS
(4) ISSUE AMOUNT IN INDIAN RUPEES

PERIOD : APRIL 2005 - MARCH 2006

NON - BANKS

Rank	Arranger/Investor	Total Amount (Rs. in Bn.)	% of Total	Total No. of Issues
1	AK CAPITAL SERVICES LTD.	66.98	53.40	17

Current Year Ranking - Domestic Market

Sector: Public Sector Undertakings

LEAGUE TABLE

ARRANGERS/INVESTORS

ISSUE TYPE	:	DEBT PRIVATE PLACEMENT
INSTRUMENT	:	ALL (BONDS/ NCD, PTC)
ISSUER TYPE	:	PUBLIC SECTOR UNDERTAKINGS
INDUSTRY	:	ALL
OTHER CONDITIONS	:	(1) ALL ISSUES : DISTRIBUTED, STRUCTURED, ON-TAP & MOBILISATION
	:	(2) ONLY ISSUES WITH BOTH TENOR AND PUT/CALL OF 1 YEAR AND ABOVE
		(3) ISSUE AMOUNT CREDIT ON FULL BASIS TO CONCERNED ARRANGERS
		(4) ISSUE AMOUNT IN INDIAN RUPEES
PERIOD	:	APRIL 2005 - MARCH 2006

NON - BANKS

Rank	Arranger/Investor	Total Amount (Rs. in Bn.)	% of Total	Total No. of Issues
1	AK CAPITAL SERVICES LTD.	69.85	72.10	7

Sector: All India Financial Institutions & Banks

LEAGUE TABLE

ARRANGERS/INVESTORS

ISSUE TYPE	:	DEBT PRIVATE PLACEMENT
INSTRUMENT	:	ALL (BONDS/ NCD, PTC)
ISSUER TYPE	:	ALL INDIA FINANCIAL INSTITUTIONS AND BANKS
OTHER CONDITIONS	:	(1) ALL ISSUES : DISTRIBUTED, STRUCTURED, ON-TAP & MOBILISATION
	:	(2) ONLY ISSUES WITH BOTH TENOR AND PUT/CALL OF 1 YEAR AND ABOVE
		(3) ISSUE AMOUNT CREDIT ON FULL BASIS TO CONCERNED ARRANGERS
		(4) ISSUE AMOUNT IN INDIAN RUPEES
PERIOD	:	APRIL 2005 - MARCH 2006

NON - BANKS

Rank	Arranger/Investor	Total Amount (Rs. in Bn.)	% of Total	Total No. of Issues
1	AK CAPITAL SERVICES LTD.	164.49	33.50	42

Achievements In Equity Market

D. S. Kulkarni Developers Limited

Composite Public Issue
INR 211 Crores

BOOK RUNNING LEAD MANAGER

Punjab National Bank

Follow-On Public Issue
INR 3120 Crores

CO-MANAGER

Syndicate Bank

Follow-On Public Issue
INR 250 Crores

CO-MANAGER

Achievements In Equity Market

The United Western Bank Limited

Rights Issue
INR 43.04 Crores

LEAD MANAGER

Allahabad Bank

Follow-On Public Issue
INR 820 Crores

CO-MANAGER

Union Bank of India

Follow-On Public Issue
INR 495 Crores

CO-MANAGER

Achievements In Debt Market

Public Sector Undertakings

Food Corporation of India

Debt Restructuring Programme
INR 30,000 Crores (Approx)

ADVISOR CUM TREASURY MANAGER

Airport Authority of India

Debt Programme
INR 4,000 Crores (Approx)

ADVISOR CUM LEAD ARRANGER

Indian Oil Corporation Ltd

NCD
INR 1,000 Crores (Approx)

BOOK RUNNING LEAD ARRANGER

HMT Limited

Continuing Debt Programme

ADVISOR CUM LEAD ARRANGER

Achievements In Debt Market

Private Sector

Shah Alloys Limited

NCD Secured against second charge of Fixed Assets
INR 100 Crores

SOLE ARRANGER

HDFC Limited

NCD
INR 250 Crores

LEAD ARRANGER

Gammon India Limited

NCD
INR 50 Crores

SOLE ARRANGER

Atul Limited

Syndication of Rupee Term Loan
INR 20 Crores

SOLE ARRANGER

Achievements In Venture Fund Distribution

Kshitij Venture Capital Fund

Real Estate Fund promoted by
Pantaloon Retail (I) Ltd.

INR 250 Crores

ADVISOR & LEAD MANAGER

DHFL Venture Capital Fund

Real Estate Fund promoted by
Dewan Housing Finance Limited

INR 350 Crores

ADVISOR & LEAD MANAGER

Achievements In Venture Fund Distribution

Gujarat Infrastructure Development Fund

Venture Fund facilitated by Govt. of Gujarat

INR 500 Crores

AMC & FUND SYNDICATION

GIDF

Infrastructure Fund in which anchor investor was Reliance Group (Mukesh Ambani)

Urban Infrastructure Opportunities Fund

INR 5000 Crores

LEAD ARRANGER

Landmark Transactions

AK Capital has sourced and executed some of the most prestigious assignments in FY 2005-2006. These transactions have given face lift to the Company in both domestic as well as international markets, which will benefit the Company in times to come on an ongoing basis. Also the Company has added a few more prestigious clients on its portfolio.

सुरक्षा सहित सेवा

Airports Authority of India

FY 2006 - 2009

Maiden borrowing programme through private placement of bonds and/or syndication of term loan for upgradation of 30 non-metro airports

INR 30,000 - 40,000 million

Financial Advisor cum Lead Arranger

Food Corporation of India

January 2006

Interest Cost Rationalization through Pilot Coupon Only Swap transactions

Notional : INR 7,000 million

Treasury Manager cum Lead Arranger

UCO Bank

March 2006

India's First Private Placement of Upper Tier-II Bonds

INR 3,000 million

Lead Arranger

UCO Bank

March 2006

India's First Private Placement of Perpetual Bonds

INR 1,500 million

Lead Arranger

Central Government Undertakings & All India Financial Institutions

(Rs. in Millions)

S. No.		Name of the Issuer	Amount Managed
1.		Indian Oil Corporation Ltd.	22,250.00
2.		Food Corporation of India	45,814.00
3.		Rural Electrification Corporation Ltd.	32,819.00
4.		Power Finance Corporation Ltd.	25,444.00
5.		National Bank For Agriculture & Rural Development	8,750.00
6.		Konkan Railway Corporation Ltd.	658.00
7.		Industrial Development Bank of India Ltd.	6,834.00
8.		Hindustan Organic Chemical Ltd.	1,000.00

Banks

(Rs. in Millions)

S. No.		Name of the Issuer	Amount Managed
1		Bank of Baroda	7,700.00
2		Canara Bank	5,000.00
3		Bank of India	7,500.00
4		Union Bank of India	8,000.00
5		Indian Overseas Bank	4,500.00
6		Syndicate Bank	10,000.00
7		Allahabad Bank	5,000.00
8		Central Bank of India	5,782.00
9		Bank of Maharashtra	4,000.00
10		UCO Bank	8,500.00
11		United Bank of India	1,001.00
12	HDFC BANK	HDFC Bank Ltd.	6,140.00
13	UTI BANK	UTI Bank Ltd.	5,000.00
14	ING Vysya	ING Vysya Bank Ltd.	600.00
15		IndusInd Bank Ltd.	2,650.00
16		The South Indian Bank Ltd.	650.00

Current Year Ranking - Domestic Market

AK Capital Services Limited have achieved No. 4 position in the quarter 01/01/2006 - 31/03/2006. We have arranged nineteen deals that generated INR 14.97 billion in volumes.

Bloomberg

Bloomberg - Underwriter League Table

INDIA DOMESTIC BONDS

01.01.06- 31.03.06	2006				
FIRM	RANK	MARKET SHARE	VOLUME (INR Bln)	DISCL FEES (%)*	DEAL COUNT
AK Capital Services Ltd.	4	8.0	14.97	n/a	19

Includes all eligible domestic bonds denominated in INR. Excludes issues that are callable or puttable and mature in less than 12 months. Volume in INR billions.

Local credit criteria applied with full credit given to sole arranger and credits split equally among joint arrangers in distributed deals.

Pro-rata credits will be given to underwriters in club deals or equally distributed credits will be given if underwritten amount are not disclosed.

* Weighted Average Disclosed Fees - only issues that have fee information available are used in calculating this value

Corporate Information

Board of Directors

Smt Anshu	Chairperson
Shri A. K. Mittal	Managing Director
Shri Deepak Mittal	Director
Smt Shyam Lata Garg	Director
Shri S. C. Madan	(w.e.f 28.12.2005), Independent Director
Shri Raghubinder K. Rai	(w.e.f 20.02.2006), Independent Director
Shri V. R. Galkar	(w.e.f. 28.12.2005 to 20.02.2006), Independent Director

Company Secretary
Amit Kumar

Auditors
Kamal Kumar Jain & Co.,
Chartered Accountants

Bankers
HDFC Bank Limited, Punjab National Bank
Union Bank of India, Corporation Bank , ICICI Bank Limited

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

Corporate Office
30-39, Free Press House, 3rd Floor, Free Press Journal Marg,
215, Nariman Point, Mumbai 400 021

Registrar and Share Transfer Agent
Abhipra Capital Limited, Abhipra Complex, Dilkhush Industrial Area,
G. T. Karnal Road, New Delhi 110 033

State Government Undertakings and State Level Financial Institutions

(Rs. in Millions)

S. No.		Name of the Issuer	Amount Managed
1.		Karnataka State Industrial Investment Dev. Corp. Ltd.	86.00
2.		Rajasthan Rajya Vidyut Prasaran Nigam Ltd.	1,200.00
3.		Punjab State Industrial Development Corporation Ltd.	1,500.00
4.		Punjab Financial Corporation	1,200.00
5.		Punjab State Electricity Board (Term Loan)	3,000.00
6.		West Bengal Infrastructure Dev. Finance Corp. Ltd.	275.00
7.	WBFC	West Bengal Financial Corporation	1,100.00
8.	HPIDB	Himachal Pradesh Infrastructure Development Board	4,276.00

Private Corporates

(Rs. in Millions)

S. No.		Name of the Issuer	Amount Managed
1.	HDFC	HDFC Ltd.	7,500.00
2.	IL&FS	IL&FS Ltd.	500.00
3.		Gammon India Ltd.	500.00
4.		Shah Alloys Ltd.	1,000.00

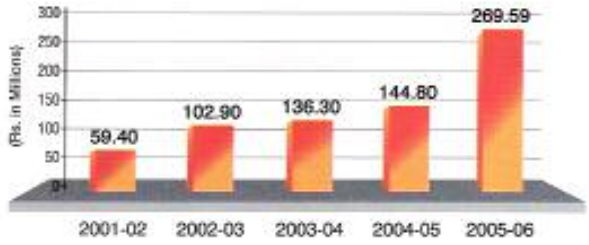
Key Financials

(Rs. in Millions)

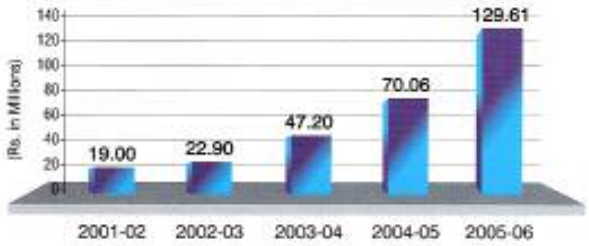
Financial Year	2001-02	2002-03	2003-04	2004-05	2005-06
Total Debt Syndication	111937.60	108973.50	105476.10	147923.00	245483.13
Total Income	59.40	102.90	136.30	144.80	269.59
Profit Before Tax	19.00	22.90	47.20	70.06	129.61
Profit After Tax	13.90	13.10	40.40	52.72	100.36
Networth	70.64	81.23	118.86	163.39	249.02

Financial Indicators

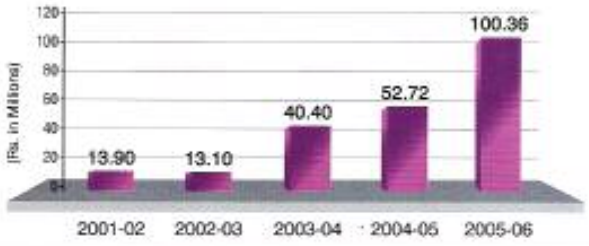
Total Income



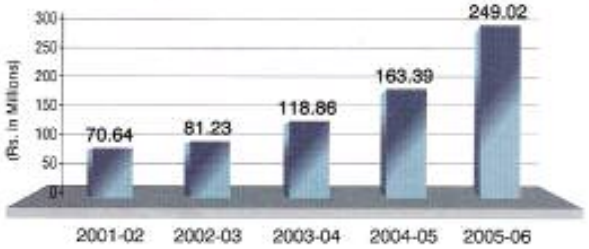
Profit Before Tax



Profit After Tax



Networth

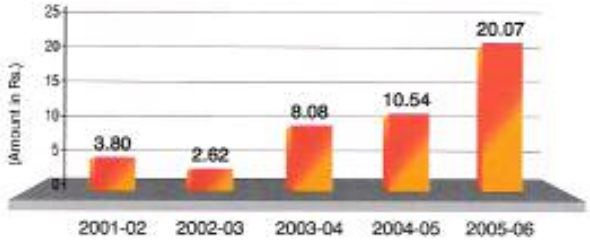


Financial Analysis

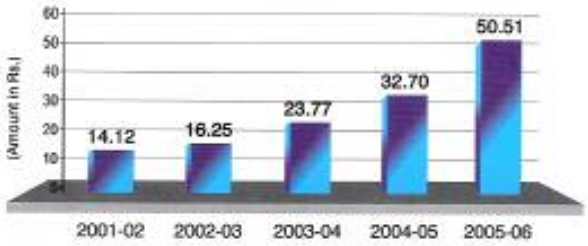
Financial Year	2001-02	2002-03	2003-04	2004-05	2005-06
Earning Per Share (Rs.)	3.80	2.62	8.08	10.54	20.07
Book Value Per Share (Rs.)	14.12	16.25	23.77	32.70	50.51
Dividend (%)	5%	5%	5%	15%	25% (Proposed)
Return on Capital Employed (PBT/Closing Capital Employed)	27%	28%	40%	43%	51%

Financial Indicators

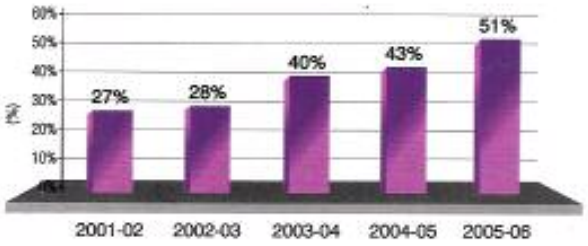
Earning Per Share



Book Value Per Share



Return on Capital Employed



Directors' Report

Dear Shareholders,

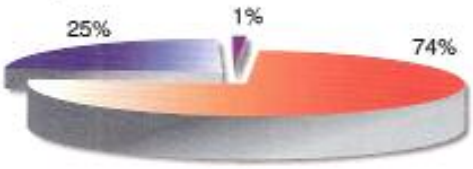
Your Directors take pleasure in presenting the 13th Annual Report on the business and operations with audited accounts for the year ended 31st March 2006. The summarized financial highlights of the company are given hereunder:

Financial Highlights:

(Rs. in Millions)

Particulars	Year Ended 31.03.2006	Year Ended 31.03.2005	Growth
Turnover	269.59	144.81	86%
Profit Before Tax	129.61	70.06	84%
Less: Provision for Income Tax	26.50	16.85	
Less: Provision for Deferred Tax	1.07	0.49	
Less: Provision for FBT	1.69	-	
Profit After Tax	100.36	52.72	90%
Dividend Paid (previous year)	7.50	2.50	
Profit Brought Forward	28.09	18.49	
Transfer to General Reserves	50.00	35.00	
Balance carried forward	67.16	28.09	
Networth	249.02	163.39	54%
Earning per share	20.07	10.54	90%

Composition of Gross Income :

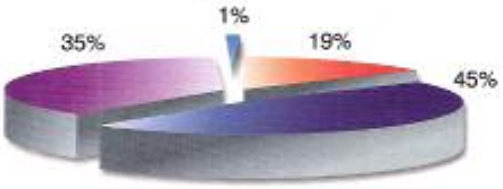


FY 2005-06	Per Cent
Merchant Banking Fees	74
Investment Income	25
Other Income	1

The Company registered a rise of 69% in the Merchant Banking fees to Rs.197.99 mn during the year from Rs.117.07 mn last year and growth of 153% in investment income to Rs.70.21 mn during the year from Rs.27.73 mn in last year.

The Profit Before Taxes rose to Rs.129.61 mn during the year from Rs.70.06 mn last year, translating into a growth of 84%. The Company's Profit After Tax increased to Rs. 100.36 mn from Rs.52.72 mn - a growth of 90%. The substantial rise in profits is due to increase in revenues and cost control methods. As predicted by the management the improvement in capital market scenario, lead to the growth in merchant banking assignments. The cost control efforts started by the management during the last years have started showing positive yields in the form of improved bottom line. The management is confident that FY 2006-07 will be highly growth oriented looking at the growth in overall economic conditions in India.

Composition of Expenditure :



2005-06	Per Cent
Personnel Cost	19
Administration Expenses	45
Selling Expenses	35
Depreciation	1

Dividend :

Your Directors have recommended dividend of 25% on the paid-up capital of Rs. 5 crores, which is tax free in the hands of shareholders for the financial year ended 31.03.2006 for consideration at the Annual General Meeting.

The requisite provision for dividend has not been made in the accounts for the year ended on 31.03.2006. The Board is of the opinion that dividend should be accounted only after the approval of the shareholders in the forthcoming Annual General Meeting.

Turnover increased **86%** over the previous year

Business :

FY 2005-06 was significant year for Capital Market in India. The BSE Sensex had seen a great bull run ever witnessed in the stock market. India is one of the fastest growing economies in the world, attracting heavy international inflows of funds.

Indian Companies are on a shopping spree for major acquisitions and mergers particularly, Pharma companies, Auto Ancillary companies, Software companies, etc.

Indian Companies have chalked out plans for capacity expansion and diversification in various fields leading to growth in credit off-take by the companies in the form of debt issues, venture funds, equity issues, ADR, GDR, commercial papers, etc. This growth in credit off-take has opened new business opportunities and we foresee more avenues in future.

The management has a view that the next wave of growth will be in infrastructure industries. To sustain the GDP growth, the government has to develop infrastructure like Ports, Roads, Airports, etc, which will require heavy investments from both public & private sectors.

Your management feels that the company has already acquired a niche name in the market for quality services and would be able to take full advantage of the growth wave.

Listing Agreement Compliance & Corporate Governance :

In line with the recommendations of the Securities and Exchange Board of India (SEBI) on Corporate Governance, your Company has constituted three separate committees for Audit, Compensation and Protection of Shareholders interest. Your Company has also taken steps to comply with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, regarding Corporate Governance. A separate report on Corporate Governance, along with a certificate of Statutory Auditors of the Company, is annexed herewith.

Subsidiaries :

Your Company has promoted a wholly owned subsidiary, A. K. Stockmart Private Limited on 17.01.06. The registered office of A. K. Stockmart Private Limited is based in Mumbai. A. K. Stockmart is incorporated to take the membership of stock exchanges for stock broking business. A. K. Stockmart has applied for the membership of the National Stock Exchange of India (NSE) and The Stock Exchange, Mumbai (BSE). The approval for the membership of NSE is received from SEBI and the application for the membership of BSE is pending for approval with the exchange.

As required under section 212 of the Companies Act, 1956, Audited Statement of accounts, Directors' Report and Auditors' Report for the year ended March 31st 2006 of A. K. Stockmart Private Limited is annexed hereto.

Directors :

In accordance with Section 256 of the Companies Act, 1956, Mr. Deepak Mittal retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment to the Board.

In accordance with Section 256 of the Companies Act, 1956, Mrs. Shyam Lata Garg retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re- appointment to the Board.

Also the management seeks the appointment of Shri S. C. Madan & Shri Ragubinder Rai for the appointment as Independent Directors of the Company.

A Brief Resume of the Director being appointed / re-appointed, as stipulated under clause 49 of the Listing Agreement, are given in the statement of Corporate Governance (Annexure - I)

Auditors :

The Company Auditors, M/s Kamal Kumar Jain & Co, hold office up to the conclusion of the forthcoming Annual General Meeting and have submitted their resignation for non - appointment as Statutory Auditors for the henceforth FY 2006-07. The Board of Directors have proposed the name of **M/s Suresh Surana & Associates,** Chartered Accountants, Mumbai, for the post of Statutory Auditors, who are being eligible, are recommended for appointment on terms to be negotiated by the Audit Committee. They have furnished the requisite certificate to the effect that their appointment, if effected, will be in accordance with Section 224 (IB) of the Companies Act, 1956.

Directors Responsibility Statement :

The Directors would like to assure the Members that the financial statements for the year under review confirm in their entirely to the requirements of the Companies Act, 1956.

Pursuant to provision of section 217 (2AA) of the Companies Act, 1956, the Board hereby certifies & confirms that: -

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. the directors had selected such accounting policies and applied, made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for that period.
3. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings Outgo :

1. Conservation of Energy: - Not Applicable
2. Research And Development (R & D): - Not Applicable
3. Total Foreign Exchange Earned and outgo: - Nil.

Dematerialization of Securities :

The company has obtained electronic connectivity with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The ISIN No. allotted to securities is INE701G01012. The total dematerialised shares constituted 85% of the total shareholdings. Members holding shares in physical form are advised to dematerialise their shares to avoid the risks associated with the physical holding of such share certificates.

Profit increased 90% over the previous year

Deposits :

The Company has not accepted any deposits attracting the provisions of section 58A of the Companies Act, 1956.

Particulars of Employees :

Particulars of employees as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment Last Designation
EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 24,00,000/- OR MORE PER ANNUM						
A. K. Mittal (51)	Managing Director	5,225,000/-	B.Sc., FCA, M.A. (Eco.), L.L.B.	27	21-12-1994	Practicing Chartered Accountant

1. Remuneration includes salary and monetary value of taxable perquisites.
2. The abovesaid appointment is non-contractual and is terminable by notice on either side.

Acknowledgement :

The Directors would like to express their grateful appreciation for the assistance and co-operation received from the banks & government authorities.

The Directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

Place: New Delhi
Date: 29/08/2006

By the order of the Board

A. K. Mittal
(Managing Director)

EPS increased 90% over the previous year

Report on Corporate Governance

1. The Company's Philosophy on Corporate Governance

The Company's Philosophy on Corporate Governance is based on transparency, accountability, equity & sustainability. As trustees of the company's shareholders, we relentlessly endeavor to enhance the shareholder wealth while sparing no effort to deliver long-term value to all stakeholders.

2. Board of Directors (Board)

A. Composition and size of the Board

All the members of the Board are eminent persons with considerable experience in the capital market, banking, finance and mutual fund sectors. The range of experience and skills that the directors bring to the Board immensely benefits the Company and leads to growth in future.

As on 31st March 2006, the Board of Directors of the Company comprised of Six Directors. The composition and category of the members of the Board and number of their other Directorships is as follows:

Name	Category	No. of Directorship in other Companies	No. of Membership in other Board Committees
Mrs. Anshu	Non Executive Director - Chairperson	3	Nil
Mr. A. K. Mittal	Managing Director	3	Nil
Mr. Deepak Mittal	Whole Time Director	Nil	Nil
Mrs. Shyam Lata Garg	Non Executive Director	Nil	Nil
Mr. S. C. Madan (w.e.f. 28.12.05)	Non Executive Independent Director	Nil	Nil
Mr. Raghubinder K Rai (w.e.f. 20.02.06)	Non Executive Independent Director	Nil	Nil
Mr. V. R. Galkar (28.12.05-20.02.06)	Non Executive Independent Director	Nil	Nil

B. Board Meetings & Attendance at Board Meetings

The Board of Directors formulates the business and operational policies and decide on strategic issues concerning the company. The Board generally meets every month to review the business performance.

During the Year under review, Thirteen meetings of the Board of Directors were held:

Name of the Director	Number of Board Meetings Attended	Attendance at the last AGM
Mrs. Anshu	Nine	Present
Mr. A. K. Mittal	Eleven	Present
Mr. Deepak Mittal	Nine	Present
Mrs. Shyam Lata Garg	Nine	Present
Mr. S. C. Madan	Two	N.A.
Mr. Raghubinder K. Rai	One	N.A.
Mr. V. R. Galkar	Nil	N.A.

3. Audit Committee

The Audit committee reviews the financial accounts / policies, adequacy of internal control systems and interacts with the statutory auditors, systems auditors and internal auditors. The Executive Directors and other functional heads are invitees to all the committee meetings. Besides the committee reviews, the audit plans, interim financial results, observations of the Internal and External Auditors and follow up reports of the management.

During the year, the committee met Four times and attendance of the members are as follows:

Name of the Director	Status	Number of Meetings Attended
Mr. S. C. Madan (Independent Director)	Chairman w.e.f. 28th Dec. 2005	One
Mr. A. K. Mittal (Member)	Member	Four
Mrs. Anshu	Chairperson upto 28th Dec.2005	Three
Mr. Deepak Mittal	Member upto 28th Dec. 2005	Three
Mr. V. R. Gaikar (Independent Director)	Member 28th Dec. 2005-20th Feb.2006	One
Mr. Raghubinder K. Rai (Independent Director)	Member w.e.f. 20th Feb. 2006	Nil

4. Remuneration Committee

Composition of Remuneration Committee :

Name of the Director	Status	Number of Meetings Attended
Mrs. Anshu	Chairperson	Three
Mr. Deepak Mittal	Member	Three
Mrs. Shyam Lata Garg	Member	Three
Mr. Raghubinder Rai	Member	Nil

The Remuneration Committee determines and recommends the remuneration payable to the directors. The Company's Remuneration Policy is towards rewarding performance. However the company does not have any incentive policy, which is linked to performance and remuneration, paid to the Director. The Company does not have stock option scheme. The remuneration is within the limits prescribed under Schedule XIII of The Companies Act, 1956. The details of remuneration paid to the directors for the Financial Year 2005-06 is as under:

Name of the Director	Salary /HRA/Bonus	Perquisites	Total
Mrs Anshu	Nil	Nil	Nil
Mr. A. K. Mittal	46,25,000	600,000	52,25,000
Mr. Deepak Mittal	8,34,470	Nil	8,34,470
Mrs. Shyam Lata Garg	Nil	Nil	Nil

5. Shareholders Grievance Committee

The Shareholder Grievance Committee formed under Clause 49 of the Listing Agreement is as follows:

Composition of the Committee:

Name of the Director	Status	Number of Meetings Attended
Mrs. Anshu	Chairperson	Four
Mr. Deepak Mittal	Member	Four
Mrs. Shyam Lata Garg	Member	Four

The scope of the Shareholders Grievance Committee is to:

a. Approve and monitor transfers, transmission, splits and consolidation of shares of the company.

b. Review redressal of complaints from shareholders relating to transfer of shares, non- receipt of dividends and other grievances and

c. Review the compliances with various statutory and regulatory requirements.

None of the investors' complaints was pending unresolved as on 31st March 2006.

6. General Shareholder Information

a. Annual General Meeting : 30th September 2006, 9.00 am
Mayfair Celebrations
1, Qutub Minar Enclave, Restaurant Complex, Mehrauli, New Delhi -110 030

b. Financial Year : 2005-06

c. Date of Book Closure : 28th to 29th September 2006

d. Dividend payment date : Within 30 days from the date of AGM

e. Listing on Stock Exchanges : Delhi Stock Exchange (DSE)
The Stock Exchange, Mumbai (BSE)

f. Stock Code : DSE - 1305
BSE - 530499

g. **Stock Market Price at Bombay Stock Exchange**

Month	High	Low
July 2005	63.00	19.00
August 2005	59.50	41.15
September 2005	62.25	42.90
October 2005	54.80	36.00
November 2005	67.75	48.00
December 2005	96.25	62.50
January 2006	115.35	77.00
February 2006	109.95	78.00
March 2006	100.50	67.10

During the year under report no trading in the shares of the Company has taken at Delhi Stock Exchange.

h. Registrar & Share Transfer Agent : M/s Abhipra Capital Limited are acting as the Registrar and Share Transfer Agents of the Company for handling the share related matters both in physical and dematerialised mode.

Office Address:
Abhipra Complex
Dilkhush Industrial Area
G. T. Karnal Road
New Delhi - 110 033

i. Share Transfer System : All the share transfer request lodged with the Registrar & Share Transfer Agent are processed within maximum period of 30 days provided all the documents are submitted.

j. **Distribution of Shareholding:**

S.No	Category	No. of Shares	% Holding
1	Promoters	3283599	65.67%
2	Private Corporate Bodies	588793	11.78%
3	Indian Public	1127608	22.55%
	Total	5000000	100.00%

k. **Financial Calender (Tentative):**

Financial reporting for the quarter ending on

30th June, 2006	Last Week of July 2006
30th September, 2006	Last Week of October 2006
31st December, 2006	Last Week of January 2007
31st March, 2007	Last Week of April 2007

l. **Dematerialisation of Shares**

Shares of the Company are compulsorily traded in dematerialized form and are available for trading under both the depositories i.e. NSDL and CDSL. The ISIN no. allotted to the securities is INE701G01012.

m. Outstanding GDR/ADR/Warrants or any convertible instrument and impact on equity : The Company has not issued GDR/ADR/ Warrants or any convertible instruments

n. Plant Location : Not Applicable

o. Address for correspondence : The company has its own Investors Services Department at its registered office. Any queries or any difficulties experienced by the shareholders may be sent in writing to the Registered Office of the Company.

7. Annual General Meeting

Time and location of last three Annual General Meetings

Year	Date	Time	Location
2002-03	27.09.2003	9.30 am	Rangoli Garden, Village Chhawla, Bijwasan, New Delhi -110 071
2003-04	18.09.2004	9.30 am	Rangoli Garden, Village Chhawla, Bijwasan, New Delhi - 110 071
2004-05	03.09.2005	9.15 am	Rangoli Garden, Village Chhawla, Bijwasan, New Delhi - 110 071

No postal ballots were used at these meetings. At the ensuring meeting, there is no items on the agenda that needs approval by postal ballots.

8. Disclosures

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges, Securities and Exchange Board of India (SEBI) and other statutory authorities. During the last three years, no penalty was imposed by SEBI or any Stock Exchanges or any other statutory authority on the Company for non compliance of any matter related to Capital Markets.

9. Means of Communication

The financial results for each quarter and the annual results of the Company, in prescribed format, are approved and taken on record by the Board of Directors and sent to the Stock Exchanges, where the Company is listed. The results are also published in leading newspaper such as Financial Express, etc.

10. Compliance of Code of Conduct

In consonance with the requirements of the amended clause 49 of the Listing Agreement, Board of Directors has laid down a code of conduct for the Board members and Senior Management of the Company. The said code of conduct has also been posted on the website of the Company.

The Directors and the Senior Management is committed to keep updating this Code to keep it relevant with the changing dynamics of the business and environment. The Code of Conduct is strictly followed. A declaration by the Managing Director to this effect is appended to this report. **(Annexure II)**

11. 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: New Delhi
Date: 29/08/2006

By the order of the Board

A. K. Mittal
(Managing Director)

Annexure - I

Brief resume of the Director to be appointed / re-appointed

Profile of Shri Deepak Mittal

1.	Name of the Director	Shri Deepak Mittal
2.	Date of Birth	21.09.1970
3.	Educational Qualification	Chartered Accountant, B.Com
4.	Date of appointment on the Board	25th September 1999
5.	Category of Director	Executive Director
6.	Areas of experience	10 years experience out of which 7 years of experience in dealing with PSUs, SLUs and other corporate clients of Merchant Banking Division.
7.	Name of other Directorships in Public Limited Company	Nil
8.	Number of shares held	10,000

Profile of Smt. Shyam Lata Garg

1.	Name of the Director	Smt. Shyam Lata Garg
2.	Date of Birth	20.01.1938
3.	Educational Qualification	Basic School Education
4.	Date of appointment on the Board	5th October 1993
5.	Category of Director	Director
6.	Areas of experience	12 years experience as Director in A. K. Capital Services Ltd.
7.	Name of other Directorships in Public Limited Company	Nil
8.	Number of shares held	26,000

Profile of Shri S. C. Madan

1.	Name of the Director	Shri S. C. Madan
2.	Date of Birth	30.09.1945
3.	Educational Qualification	B. A. (Hons), M.A (Eco)
4.	Date of appointment on the Board	28th December 2005
5.	Category of Director	Non - Executive - Independent Director
6.	Areas of experience	Retired as Assistant General Manager of Industrial Finance Corporation of India (PSU of Government of India) after 35 years of service.
7.	Name of other Directorships in Public Limited Company	Nil
8.	Number of shares held	Nil

Profile of Shri Raghubinder K Rai

1.	Name of the Director	Shri Raghubinder K. Rai
2.	Date of Birth	15.10.1945
3.	Educational Qualification	B.A., L.L.B.
4.	Date of appointment on the Board	20th February 2006
5.	Category of Director	Non - Executive - Independent Director
6.	Areas of experience	Retired as GM-Commercial from Indian Airlines (PSU of Govt. of India) after 36 years of service.
7.	Name of other Directorships in Public Limited Company	Nil
8.	Number of shares held	Nil

Annexure - II

Declaration

The Board has laid down the code of conduct for all Board Members and Senior Management of the Company which is posted on the website of the company. The Board members and Senior Management have affirmed compliance with the code of conduct for and in respect of the year 2005-06.

By the order of the Board

Place: New Delhi
Date: 29/08/2006

A. K. Mittal
(Managing Director)

CEO & CFO Certification

The CEO and the CFO have certified the Board of Directors of the Company that:

a) They have reviewed financial statements and cash flow statement for the year and that to the best of their knowledge and belief :
   i. these statements does not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
   ii. 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.

b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.

c) They accept the responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining financial reporting and they have disclosed to the Auditors and the Audit Committee, the deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or proposed to take to rectify these deficiencies.

d) They have indicated to the Auditors and the Audit Committee that there is:
   i. no significant change in internal control over financial reporting during the year.
   ii. no significant change in accounting policies during the year under review and
   iii. no instances of any fraud in the Company in which the management has any role.

Annexure - III

Compliance Certificate from the Statutory Auditors of the Company.

As required by clause 49 of the Listing Agreement, the certificate from the statutory auditors is given as an Appendix to the Report on Corporate Governance.

By the order of the Board

Place: New Delhi
Date:29/08/2006

A. K. Mittal
(Managing Director)

Compliance Certificate on Corporate Governance

To
The Members
A. K. CAPITAL SERVICES LIMITED

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended March 31, 2006 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the stock exchanges.

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

For Kamal Kumar Jain & Co.
(Chartered Accountants)

Place: New Delhi
Date: 29/08/2006

K. K. Jain
Proprietor (F.C.A)

Management's Discussion & Analysis

The management discussions and analysis report has been included in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India.

Statement in the management discussions and analysis describing the company's objectives, projections, estimates, exceptions may be "forward - looking Statements within the meaning of applicable securities laws & regulations" Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operation include economic conditions affecting demand / supply and price conditions in the domestic markets in which the company operates, changes in the government regulations, tax laws and other statues and other incidental factors. Further, the discussions following herein reflect the perceptions on major issues as on date and the opinions expressed here are subject to change without notice.

The company undertakes no obligation to publicly update or revise any of the opinions or forward - looking statements expressed in this report, consequent to new information, future events or otherwise.

Overview & Business Outlook:

India has witness a constant growth rate of 7 % for the last 3 consecutive years in a row. India is considered as one of the fastest growing economy of the world almost behind China and as on today the growth is still on the fast track. All the major Financial Institutions & International Investors are confident that at least in the next few years the Indian GDP growth will be among the best in the world. Hence we will see growth in the form of direct investments or in the stock market by FII s & International Investors.

Government is now clear that their have to invest heavily in infrastructure projects / facilities like Ports, Roads, Airports, SEZ and Housing to sustain the above G.D.P growth rate and the next growth of credit off take will be seen in infrastructure industries in form of Primary issues, Public / Private Partnership, Venture capital, Bonds, Debts, etc.

Rapid progress in the infrastructure sector and revival of domestic economy would also offer significant opportunities in the area of financial services business.

Primary market has witnessed the fastest growth after a long time, lot of quality issues have hit the markets, which have been duly appreciated by the investors community leading to heavy over subscriptions. Your company has been fortune to be part of some of the larger issues as Lead Manager or Co-Manager and lot of new negotiations are under way for the coming financial year as Lead Mangers or Co- Managers in the new issues.

The Management has also intend to extend the scope of operations by entering into dealing in stock market (secondary market) and commodities market to provide better services to the customer. Also the management is foraying in the distributions of Mutual Funds throughout India through its network of offices.

The management has visualized itself as a company, which can provide all type of financial quality services at one place to its clients and can capitalize the core competencies develop by us over the years.

Financial Performance:

Last Financial Year (2005-06) has been the golden year of the company in terms of Sales Turnover and Profitability of the Company. First time in the history of the company we have crossed the magical figure of 100 Millions as profit after tax & also maintained our ranking as No.1 Arranger of Debt on all India basis for continuous four years in a row.

The total Income of the company has increased by 86% compare to last year a jump of almost Rs.124.78 million, mainly due to increase in Merchant Banking fees.

Similarly, the profitability (before tax) increased by almost 84 % compare to last year an increase of Rs.59.55 million, crossing the magical figure of 100 millions.

Also note that there was a substantial jump in the Merchant Banking Fees which is our core business by almost 69% from Rs.117.07 million to Rs.197.99 million because of the increased activities in both Bond & Capital Markets.

Income from Investments almost doubled compare to last year by 153%, the increase was mainly due to better capital markets and foresight of the management in making the right investment decision. Current year income from Investment was Rs.70.21 million compare to last year Rs.27.73 million.

Similarly, there was a substantial increase in the other income in the current year.

The comparative financial analysis of the preceding consecutive financial years have been placed below for ready reference:

(Rs. in Millions)

Financial Performance	2003-04	2004-05	2005-06
Total Income	136.30	144.80	269.59
Profit Before Tax	47.20	70.06	129.61
Profit After Tax	40.40	52.72	100.36
Earning Per Share (Rs.)	8.08	10.54	20.07

Internal Control:

The company has an adequate internal control system commensurate with the size and nature of business of the company to ensure adequate protection of the company resources and compliance with the company policies and procedures and legal obligations. The objective of these procedures is to ensure the efficient use and protection of the company resources, accuracy in financial reporting and due compliance with statutes and company procedures. Well defined individual roles and responsibilities, as well as an effective feedback, facilitate effective monitoring and a responsible internal audit. Regular Audit Committee meetings are held where the statutory as well as internal auditors meet and exchange their views with the committee members.

Risk Management:

Industry Risk & Vision Risk

The capital market is always effect by the cyclical movements of bulls & bears and demand for the credit depends upon overall economic conditions.

Risk Mitigation

The company has constantly been a forerunner in the debt market and also we have been well known as Lead Manager for the primary issues. The company has entered into lucrative fields of Venture Capital and also mutual funds. The company has planned to enter into the secondary market and also commodities exchange as trading member. Hence because of the diversifications we can handle the cyclical movements more easily.

People Risk

People represent the company's principal assets in a knowledge led business, where any attrition or skill obsolescence could lead to a weaker industry position.

Risk Mitigation

Your Company has consciously made the transition from a family based organization into a professionally managed one, accompanied by delegation in responsibilities and intellectual growth. Over the years, the company has faithfully invested in training, operational benchmarks and performance linked remuneration. A desire to work in a growing company positioned to make a big leap has also helped to prevent attrition.

Client Concentration risk

The company depends on a few large companies for a majority of its revenues. Any attrition could impact its fortunes.

Risk Mitigation

The company enjoys strong long-term relationships with large customers and the company is focusing on extending these relationships by providing a bunch of financial services. However, from a de-risking point of view, the company is lowering its share of revenues from its top customers, entering new markets and new customers with new services

Human Resources:

The company continues to improve daily living and to create a workplace where every person can reach his or her full potential. The work environment gives employees the freedom to make the most of them. Learning and relevance are key principles at the company. The Company believes in talent acquisition and retention, to augment its plan of making its presence more prominent to global markets. The company has developed a HRD plan with the parameters to achieve excellent results. The steps have been taken to create a sense of belongingness in the minds of the employees, which in turn gives maximum contribution per employee while gearing them to face the challenges in the competitive business environment and achieve the desire goals. The company is poised to take on the challenges with its work force in the business environment and march towards achieving its mission with success.

KAMAL KUMAR JAIN & CO.
(CHARTERED ACCOUNTANTS)

A-160, IInd Floor,
Vikas Marg, Shakarpur,
Delhi-110092

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
A. K. CAPITAL SERVICES LIMITED

We have audited the attached consolidated Balance Sheet of A. K. Capital Services Limited as at 31st March, 2006 and Profit and Loss account and Cash Flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

We have also audited the financial statements of a subsidiary, A. K. Stockmart Private Limited whose financial statements reflects total assets of Rs.109 Lacs as on 31st March 2006. A. K. Stockmart Private Limited had not started the business upto 31st March 2006 and its revenue was NIL for the year ended on 31st March 2006.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of A. K. Capital Services Limited and its subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on consideration of the separate audit reports of individual audited financial statements of A. K. Capital Services Limited and its aforesaid subsidiary in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of A. K. Capital Services Limited and its subsidiary as at March 31, 2006.

ii) In the case of the consolidated Profit & Loss Account, of the consolidated results of operations of A. K. Capital Services Limited and its subsidiary for the year ended on that date; and

iii) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of A. K. Capital Services Limited and its subsidiary for the year ended on that date.

For Kamal Kumar Jain & Co.
(Chartered Accountants)

Place: New Delhi
Date: 29/08/2006

K. K. Jain
Proprietor (FCA)

Consolidated Balance Sheet

as at March 31, 2006

(Amount in Rs.)

	Schedule		As at 31.03.06
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	50,000,000	
Reserves & Surplus	B	202,528,358	
			252,528,358
Loan Funds			
Secured Loans	C		5,368,936
Deferred Tax Liability			4,091,570
TOTAL			261,988,864
APPLICATION OF FUNDS			
Fixed Assets	D		
Gross Block		31,820,635	
Less: Depreciation		7,891,731	
Net Block			23,928,904
Investments	E		116,980,158
Current Assets, Loans and advances			
Sundry Debtors	F	20,329,989	
Cash and Bank balances	G	40,228,785	
Loans and Advances	H	96,265,046	
			156,823,820
Less: Current Liabilities and Provisions	I		
Liabilities		8,391,841	
Provisions		28,185,000	
			36,576,841
Net Current Assets			120,246,979
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	J		832,823
TOTAL			261,988,864
Statement of Significant Accounting Policies and Notes forming an integral part of Accounts	N		

As per our report of even date

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor (FCA)

Place: New Delhi
Date : 29/08/2006

For and on behalf of the Board

A. K. Mittal
(Managing Director)

Mrs. Anshu
(Director)

Amit Kumar
(Company Secretary)

Consolidated Profit and Loss Account

for the year ended March 31, 2006

(Amount in Rs.)

	Schedule		2005-06
INCOME			
Merchant Banking Fees			197,993,382
Investment Income	K		70,212,126
Other Income			1,384,529
TOTAL INCOME			269,590,037
EXPENDITURE			
Personnel Cost	L		26,504,977
Administrative and other expenses	M		62,581,844
Selling expenses			48,722,490
Depreciation			1,754,221
Miscellaneous Expenditure written off			45,959
TOTAL EXPENDITURE			139,609,491
Profit before Tax and Extraordinary and Prior Period items			129,980,546
Less: Extraordinary items			368,465
Profit before Tax and Extraordinary and Prior Period items			129,612,081
Less: Provision for Taxation for current year			
Income Tax		26,500,000	
Fringe Benefit Tax		1,685,000	
Deferred Tax		1,071,570	
			29,256,570
Profit After Tax after Extraordinary and prior Period items			100,355,511
Add: Balance brought forward from last year			28,089,269
Profit available for Appropriation			128,444,780
Appropriations			
Income Tax (Previous Year)			3,787,232
Dividend			
Equity (Previous Year)			7,500,000
Amount transferred to			
General Reserve			50,000,000
Surplus carried to Balance Sheet			67,157,548
Statement of Significant Accounting Policies and Notes forming an integral part of Accounts	N		

As per our report of even date

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor (FCA)

Place: New Delhi
Date : 29/08/2006

For and on behalf of the Board

A. K. Mittal
(Managing Director)

Mrs. Anshu
(Director)

Amit Kumar
(Company Secretary)

Schedules forming part of Balance Sheet
as at March 31, 2006

(Amount in Rs.)

		As at 31.03.06
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
12,000,000 Equity Shares of Rs. 10 each		120,000,000
(6,000,000 Equity Shares of Rs. 10 each)		
200,000 Preference Shares of Rs. 100 each		20,000,000
(200,000 Preference Shares of Rs. 100 each)		140,000,000
Issued, Subscribed and Paid Up		
5,000,000 (5,000,000) Equity Shares of Rs. 10 each fully paid up		50,000,000
TOTAL		50,000,000
SCHEDULE - B		
RESERVES AND SURPLUS		
General Reserves		
As per last Balance Sheet	85,005,000	
Transferred from Profit and Loss Account	50,000,000	
		135,005,000
Reserve Fund		
As per last Balance Sheet		365,810
Surplus as per Profit and Loss Account		67,157,548
TOTAL		202,528,358
SCHEDULE - C		
SECURED LOANS		
Vehicle loan from Bank		5,368,936
TOTAL		5,368,936

Schedules forming part of Balance Sheet
as at March 31, 2006

SCHEDULE - D
FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION					NET BLOCK
	As on 01.04.05	Additions	Sale	As on 31.03.05	As at 01.04.05	For the Year	Sale	As at 31.03.06	As at 31.03.06
Office Building	11,016,284	-	-	11,016,284	1,361,452	179,566	-	1,541,018	9,475,266
Machinery	369,060	-	-	369,060	173,819	17,530	-	191,349	177,711
Computer	4,965,390	1,275,470	-	6,240,860	3,457,615	741,063	-	4,198,678	2,042,182
Office Equipment	1,251,745	860,986	-	2,612,731	401,169	158,598	-	559,767	2,052,964
Furniture & Fixtures	307,533	1,287,131	-	1,594,664	91,532	33,039	-	124,571	1,470,093
Vehicles	5,093,032	5,861,417	1,567,413	9,987,036	1,486,871	624,425	834,948	1,276,348	8,710,688
Total	24,103,044	9,285,004	1,567,413	31,820,535	6,972,458	1,754,221	834,948	7,891,731	23,928,904

	Numbers	Market Value	As at 31.03.2006
SCHEDULE - E			
INVESTMENTS			
Quoted			
Equity Shares of JSW Steel Limited	854	302.70	341,659
Equity Shares of Jindal South West Holdings Limited	125	191.25	31,945
Equity Shares of Flex Industries Limited	245	67.15	11,803
Equity Shares of IEC Software Limited	1,356	3.72	71,868
Equity Shares of Bell Ceramics Limited	3,000	23.20	45,000
Equity Shares of Kajaria Ceramics Limited	440	43.60	37,400
Equity Shares of Precision Electronic Limited	46	108.50	483
Equity Shares of Shamken Spinners Limited	9,000	2.09	36,000
Warrants of JSW Steel Limited	929	-	-
Bonds of 7.35% Karnataka State Finance Corporation	1,200,000	95.46	114,552,000
			115,128,158
Unquoted			
Equity Shares of A M Care Limited	100		1,000
Equity Shares of Intelligroup Advisors Private Limited	19,600		196,000
Equity Shares of Sunrise Corporate Service Limited	1,00,000		1,000,000
			1,197,000
Other Miscellaneous Investments (Share Application Money)			655,000
TOTAL			**116,980,158**

Schedules forming part of Balance Sheet
as at March 31, 2006

(Amount in Rs.)

	As at 31.03.06
SCHEDULE - F	
SUNDRY DEBTORS (Unsecured, Considered good)	
Outstanding for more than six months	-
Outstanding for less than six months	20,329,989
TOTAL	20,329,989
SCHEDULE - G	
CASH AND BANK BALANCES	
Cash in hand	1,721,674
Cash at bank	
With Banks - In Current Accounts	38,507,111
TOTAL	40,228,785
SCHEDULE - H	
LOANS AND ADVANCES (Unsecured, considered good)	
Advances recoverable in cash or in kind for value to be received	688,548
Prepaid Expenses	460,431
Security Deposits	68,291,496
Fringe Benefit Tax (FY 2005-06)	585,000
Advance Income Tax & TDS (FY 2005-06)	26,239,571
TOTAL	96,265,046
SCHEDULE - I	
CURRENT LIABILITIES & PROVISIONS	
Current Liabilities	
TDS Payable	591,305
Advances	1,000,000
Sundry Creditors for expenses	6,800,536
TOTAL	8,391,841
Provisions	
Fringe Benefits Tax (FY 2005-06)	1,685,000
Income Tax (FY 2005-06)	26,500,000
TOTAL	28,185,000
TOTAL OF CURRENT LIABILITIES & PROVISIONS	36,576,841
SCHEDULE - J	
MISCELLANEOUS EXPENDITURE	
(to the extent not written off or adjusted)	
Preliminary Expenses	878,782
Less : Written off during the year	45,959
TOTAL OF MISCELLANEOUS EXPENDITURE	832,823

Schedules forming part of Profit & Loss Account
for the year ended March 31, 2006

(Amount in Rs.)

	As at 31.03.2006
SCHEDULE - K	
INVESTMENTS INCOME	
Capital Gain on Investments	29,195,317
Interest Income	1,413,283
Dividend Income	34,890,885
Long Term Capital Gains on Shares	3,534,881
Short Term Capital Gains on Shares	1,177,760
TOTAL	70,212,126
SCHEDULE - L	
PERSONNEL COST	
Salaries, HRA, LTA and Bonus	19,618,506
Staff Welfare Expenses	775,020
Directors Remuneration	5,459,470
Incentive	589,620
Contribution to Employees Provident Fund	62,361
TOTAL	26,504,977
SCHEDULE - M	
SELLING, ADMINISTRATIVE AND OTHER EXPENSES	
Advertisement Expenses	6,017,514
Business Promotion Expenses	5,515,313
Diwali Expenses	1,999,653
Tour and Traveling Expenses	9,871,532
Rent, Rates and Taxes	9,109,962
Electricity Expenses	1,159,784
Conveyance Expenses	3,287,968
Auditors Remuneration	19,000
Telephone Expenses	3,266,874
Postage & Telegram Expenses	213,545
Courier & Mailing Expenses	306,235
Books and Periodical Expenses	136,339
Printing and Stationary Expenses	1,733,014
Dematerialization Charges	101,344
Conference and AGM Expenses	2,052,942
SEBI Fees	166,667
Legal Expenses	114,850
Listing Fees	25,000
Bank Charges	59,102
Office Maintenance Charges	1,145,332
Securities Transaction Tax	292,131
Repairs and Maintenance - Computer	579,366
- Others	367,433
Subscription Expenses	796,547
Professional Fees	359,169
Service Tax	13,690,633
Miscellaneous Expenses	157,596
Directors Sitting Fees	35,000
Rounding off difference	(1)
TOTAL	62,581,844

Significant Accounting Policies and Notes to Accounts

SCHEDULE - N

A. Significant Accounting Policies:

1. Basis of preparation of consolidated accounts: The Consolidated Financial Statements are prepared in accordance with AS-21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

2. Principles of Consolidation: The Consolidated Financial Statements comprise of Financial Statements of A. K. Capital Services Limited and its 100% subsidiary A. K. Stockmart Private Limited. The financial statements are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of inter company transactions are eliminated on consolidation.

3. Basis of Accounting: The financial statements are prepared under historical cost convection on an accrual basis. The financial statements have been prepared in compliance with all material aspects of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

4. Fixed Assets: Fixed Assets are stated at cost net of accumulated depreciation. Cost comprises the purchase price and directly attributable, cost of bringing the assets to working condition for its intended use.

5. Depreciation: Depreciation on fixed assets has been provided on straight line method on pro-rata basis in accordance with the rates prescribed under Schedule (XIV) of the Companies Act, 1956.

6. Investments: Investments are stated at cost.

7. Taxes on Income: Current Tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

   Deferred Tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates, as applicable, to the extent that the timing differences as expected to crystalise.

8. Fringe Benefit Tax: The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income Tax Act, 1961 and the guidance note on Accounting for Fringe Benefit Tax issued by the Institute of Chartered Accountants of India.

9. Miscellaneous Expenditure: Expenses included under the head Miscellaneous Expenditure will be amortized over the period of 10 years.

10. Extraordinary Items: Extraordinary item refers to deficit on sale of fixed assets, due to accumulated depreciation.

B. Notes to accounts:

(Amount in Rs.)

DESCRIPTION	As at 31st March, 2006
1. Preliminary expenses have been amortized in accordance with section 35D of the Income Tax Act, 1961.	45,959
	45,959
2. Director Remuneration: Salaries	5,419,880
• H.R.A.	0
• Conveyance Allowance	9,590
• Bonus	30,000
• Perks (Rent Free Accomodation)	600,000
	6,059,470
3. Auditors Remuneration	
• Audit Fee	19,000
	19,000
4. Expenditure in foreign currency (Foreign Tour)	Nil
5. Earning in foreign currency	Nil

6. A. K. Capital Services Limited has promoted a wholly owned subsidiary, A. K. Stockmart Private Limited. A. K. Stockmart Private Limited is incorporated in India and the registered office of the company is situated in Mumbai, Maharashtra. A. K. Stockmart Private Limited was incorporated on 17th January, 2006. A. K. Capital Services Limited is holding 1,090,000 shares of A. K. Stockmart Private Limited.

7. Secured loans from banks include: Loan of Rs 5,368,936 secured against hypothecation of Vehicles.

8. Disclosures in respect of AS-18 Related Party disclosures:

a) List of Related Parties and relationships

Key Management Personnel	Mr. Atul Kumar Mittal
	Mr. Deepak Mittal
	Mrs. Anshu
Relative of Key Management Personnel	
Mr. Abhinav Kumar	Son of Mr. Atul Kumar Mittal
Mrs. Anshu	Wife of Mr. Atul Kumar Mittal

b) The following transactions were carried out during the year with related parties in the ordinary course of business:

	For the year ended March 31, 2006
Interest Free Refundable security deposit	1,712,000
Lease rent paid	936,600
Remuneration (including perquisite)	6,059,470

c) Outstanding as at March 31, 2006

	As at 31st March, 2006
Interest Free Refundable security deposits	4,612,000
Lease rent	50,000
Remuneration	25,000

d) Material Transactions

	For the year ended March 31, 2006
Interest Free Refundable security deposits	
Mr. Abhinav Kumar	1,712,000
Lease Rent	
Mr. Abhinav Kumar	336,600
Mrs. Anshu	300,000
Mr. Atul Kumar Mittal	300,000
Remuneration	
Mr. Atul Kumar Mittal	5,225,000
Mr. Deepak Mittal	834,470

9. Balance under Sundry Debtors, Sundry Creditors, Loans and Advances payable or receivable are subject to confirmation as on 31.03.2006.

10. In the opinion of the management and to the best of their knowledge and belief the value of loans, advances and other Current Assets in the ordinary course of business will not be less than the amount at which they will be stated in Balance Sheet.

11. In view of depreciation and other allowances/ deduction available in the Income Tax Act, 1961 it is the opinion of the management that the Income tax liability for the AY 2006-2007 will be Rs. 26.50 million.

12. Provision for proposed dividend on Equity share capital of the Company has not been made in the accounts for the year ended on 31st March, 2006. It is the opinion of the board that dividend should charged to Profit & Loss Account when it is approved by the shareholders in the forth coming A.G.M.

13. The figures in the Balance Sheet and Profit & Loss Account have been presented in Rupees.

14. The Consolidated Statements are presented for the first time therefore the figures for the previous year are not given.

Consolidated Cash Flow Statement

for the year ended 31st March, 2006

(Amount in Rs.)

DESCRIPTION	As at 31st March 2006
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before Tax and extra ordinary items	12,99,80,546
Adjustment for Depreciation	17,54,221
Public issue and Preliminary Exp.	45,959
Interest Received (Net)	(14,13,283)
Operating profit/(loss) before working capital changes	13,03,67,443
Adjustment for Current Assets	
i) Receivable	(99,72,691)
ii) Current Liabilities	(1,66,42,566)
Cash flow from operating activities	10,37,52,186
Direct Taxes Paid	(3,06,11,803)
Net cash from operating activities	7,31,40,383
B. CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of fixed assets	(92,85,004)
Acquisition of investment	1,44,96,281
Sale of Fixed Assets	3,64,000
Loans & Advances given	(4,66,14,536)
Net cash used in investment activities	(4,10,39,259)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Interest Received	14,13,283
Proceeds from issue to Share Capital	Nil
Loans	36,76,485
Deferred expenditure	(8,71,873)
Dividends on Equity Share Capital	(75,00,000)
Interest Paid	Nil
Net Cash used in financial activities	(32,82,105)
Net Increase/Decrease, in cash and cash equivalents	2,88,19,019
Cash and Cash equivalents at the beginning of the year	1,14,09,766
Cash and cash equivalents at the close of the year	4,02,28,785

As per our report of even date

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor (FCA)

Place: New Delhi
Date : 29/06/2006

For and on behalf of the Board

A. K. Mittal (Managing Director)

Mrs. Anshu (Director)

Amit Kumar
(Company Secretary)

AUDITORS' CERTIFICATE

We have verified the above consolidated cash flow statement of A. K. Capital Services Ltd. derived from the audited financial statement for the year ended March 31, 2006. The Statement has been prepared by the company in accordance with the requirements of Clause 32 of Listing Agreement with the various Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

For Kamal Kumar Jain & Co.
Chartered Accountants

Place : New Delhi
Date: 29/08/2006

K. K. Jain
Proprietor (FCA)

KAMAL KUMAR JAIN & CO.
(CHARTERED ACCOUNTANTS)

A-160, IInd Floor,
Vikas Marg, Shakarpur,
Delhi-110092

AUDITORS' REPORT

TO THE MEMBERS OF A. K. CAPITAL SERVICES LIMITED

We have audited the attached Balance sheet of the above company as at 31st March, 2006 and Profit and Loss account and the Cash Flow statement of the company for the year ended on that date annexed thereto. These Financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors Report) Order, 2003- as amended by Companies (Auditors Report) (Amendment) order, 2004 (together the order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Para 4 and 5 of the said order.

Further to our comments in the Annexure, we report that:

1. We have obtained all the information and explanations, which to best of our knowledge and belief were necessary for the purpose of audit.
2. In our opinion, proper books of accounts as required by law, have been kept by the company, so far as it appears from our examination of such books.
3. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts.
4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
5. On the basis of written representation received from Directors of the company as at 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as Director of the company under Section 274(1)(g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   - In the case of Balance Sheet, of the state of affairs of the Company, as at March 31, 2006
   - In case of Profit & Loss Account, of profits of the Company, for the year ended on that date &
   - In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For Kamal Kumar Jain & Co.
(Chartered Accountants)

Place: New Delhi
Date: 29/06/2006

K. K. Jain
Proprietor (FCA)

Annexure to the Auditors' Report

As mentioned in paragraph 3 of our audit report, we report that :

(i) a) In our opinion, the company has maintained proper records to show full particulars including quantitative details and situations of the fixed assets.

b) According to the information and explanations given to us by the management, the fixed assets have been physically verified during the year at reasonable intervals having regard to the nature and size of business and no material discrepancies were noticed on such verification.

c) In our opinion and according to information and explanations given to us by the Management no substantial part of the fixed assets of the company have been disposed off during the year so as to affect the going concern status of the company.

(ii) a) Physical verifications has been conducted by the management at reasonable intervals in respect of stock.

b) The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to size of the company and nature of its business.

c) No material discrepancy has been noticed on physical verification of stocks.

(iii) In our opinion and according to the information and explanations given to us, the company has not received/granted any loan secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, the company has an adequate internal control system commensurate with its size of the company and nature of its business for purchase of inventories, fixed assets and for the sale of services. No major weaknesses were reported in the internal control procedure of the company.

(v) In our opinion and according to the information and explanations given to us, the company has not entered Contracts or Arrangements that needs to be entered into register in pursuance of Section 301 of the Companies Act, 1956.

(vi) The Companies has not accepted any deposit from public and consequently the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and ruled framed thereunder are not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Companies present internal audit system is adequate so as to commensurate with its nature and size.

(vii) In our opinion and according to the information and explanations given to us, maintenance of Cost records in terms of Section 209 (1) (d) of the Companies Act, 1956, has not been prescribed by the Central Government, in respect of the transactions of the Company.

(ix) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Income Tax & Service Tax with the appropriate authorities. Employees State Insurance Act is not applicable to the Company. No undisputed amount in respect of above statutory dues remained outstanding for six months or more at the end of the year.

(x) The company has been registered for a period of more than five years and it has not incurred cash losses in any financial year. The accumulated losses of the company are nil.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutional or bank.

(xii) In our opinion and according to the information and explanations given to us, the company has not granted any loan on the basis of any security by way of pledge of shares, debentures and other securities.

(xiii) Not applicable, as the company is not a Nidhi/Mutual Benefit Fund/Society.

(xiv) In our opinion and according to the information and explanations given to us, the company has maintained proper records in respect of transaction relating to trading and dealing in Shares, Securities, Debentures and other investments. As per our examination of such records, we report that timely entries had been made in such records and that Shares, Securities, Debentures and other investments have been held by the company in its own name.

(xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the company has not taken any term loan from any banks or financial institutions during the year review.

(xvii) In our opinion and according to the information and explanations given to us, the company has not used the funds raised on short-term basis for long term investment and vice versa.

(xviii) In our opinion and according to the information and explanations given to us, the company has not issued any fresh capital nor made any preferential allotment to any party or companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year under review.

(xix) Not applicable; as no debentures have been issued by the company.

(xx) Not applicable; as no funds have been raised by the company during the year under review from public issue.

(xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year under review.

For Kamal Kumar Jain & Co.
(Chartered Accountants)

Place: New Delhi
Date: 29/09/2006

K. K. Jain
Proprietor (FCA)

Balance Sheet
as at March 31, 2006

(Amount in Rs.)

	Schedule		As at 31.03.06	As at 31.03.05
SOURCES OF FUNDS				
Shareholders Funds				
Share Capital	A	50,000,000		50,000,000
Reserves & Surplus	B	202,529,358		113,460,079
			252,529,358	163,460,079
Loan Funds				
Secured Loans	C		5,368,936	1,692,451
Deferred Tax Liability			4,091,570	3,020,000
TOTAL			261,989,864	168,172,530
APPLICATION OF FUNDS				
Fixed Assets	D			
Gross Block		31,820,635		24,103,044
Less: Depreciation		7,891,731		6,972,458
Net Block			23,928,904	17,130,586
Investments	E		127,880,158	131,476,439
Current Assets, Loans and Advances				
Sundry Debtors	F	20,329,989		10,357,296
Cash and Bank balances	G	29,810,158		11,409,766
Loans and Advances	H	96,265,046		22,825,939
			146,405,193	44,593,003
Less: Current Liabilities and Provisions	I			
Liabilities		8,390,841		8,184,407
Provisions		28,185,000		16,850,000
			36,575,841	25,034,407
Net Current Assets			109,829,352	19,558,596
Miscellaneous Expenditure				
(To the extent not written off or adjusted)	J		351,450	6,909
TOTAL			261,989,864	168,172,530
Statement of Significant Accounting Policies and Notes forming an integral part of Accounts	N			

As per our report of even date

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor (FCA)

Place: New Delhi
Date : 29/08/2006

For and on behalf of the Board

A. K. Mittal (Managing Director)

Mrs. Anshu (Director)

Amit Kumar
(Company Secretary)

Profit and Loss Account

for the year ended March 31, 2006

(Amount in Rs.)

	Schedule			As at 31.03.06	As at 31.03.05
INCOME					
Merchant Banking Fees				197,993,382	117,069,378
Investment Income	K			70,212,126	27,729,027
Other Income				1,384,529	12,312
TOTAL INCOME				269,590,037	144,810,717
EXPENDITURE					
Personnel Cost	L			26,504,977	14,563,643
Administrative and other expenses	M			62,580,844	41,809,492
Selling expenses				48,722,490	16,524,131
Depreciation				1,754,221	1,475,326
Miscellaneous Expenditure written off				45,959	69,190
TOTAL EXPENDITURE				139,608,491	74,441,782
Profit before Tax and Extraordinary and Prior Period items				129,981,546	70,368,935
Less: Extraordinary items				368,465	307,169
Profit before Tax and Extraordinary and Prior Period items				129,613,081	70,061,766
Less: Provision for Taxation for current year					
Income Tax		26,500,000			16,850,000
Fringe Benefit Tax		1,685,000			-
Deferred Tax		1,071,570			495,000
				29,256,570	17,345,000
Profit After Tax after Extraordinary and prior Period items				100,356,511	52,716,766
Add: Balance brought forward from last year				28,089,269	18,494,601
Profit available for Appropriation				128,445,780	71,211,367
Appropriations					
Income Tax (Previous Year)				3,787,232	5,622,098
Dividend					
Equity (Previous Year)				7,500,000	2,500,000
Amount transferred to					
General Reserve				50,000,000	35,000,000
Surplus carried to Balance Sheet				67,158,548	28,089,269
Statement of Significant Accounting Policies and Notes forming an integral part of Accounts	N				

As per our report of even date

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor (FCA)

Place: New Delhi
Date : 29/08/2006

For and on behalf of the Board

A. K. Mittal
(Managing Director)

Mrs. Anshu
(Director)

Amit Kumar
(Company Secretary)

Schedules forming Part of Balance Sheet

as at March 31, 2006

(Amount in Rs.)

		As at 31.03.06	As at 31.03.05
SCHEDULE - A			
SHARE CAPITAL			
Authorised			
12,000,000 Equity Shares of Rs. 10 each (6,000,000 Equity Shares of Rs. 10 each)		120,000,000	60,000,000
200,000 Preference Shares of Rs. 100 each (200,000 Preference Shares of Rs. 100 each)		20,000,000	20,000,000
		140,000,000	80,000,000
Issued, Subscribed and Paid Up			
5,000,000 (5,000,000) Equity Shares of Rs. 10 each fully paid up		50,000,000	50,000,000
TOTAL		**50,000,000**	**50,000,000**
SCHEDULE - B			
RESERVES AND SURPLUS			
General Reserves			
As per last Balance Sheet	85,005,000		50,005,000
Transferred from Profit and Loss Account	50,000,000		35,000,000
		135,005,000	85,005,000
Reserve Fund			
As per last Balance Sheet		365,810	365,810
Surplus as per Profit and Loss Account		67,158,548	28,089,269
TOTAL		**202,529,358**	**113,460,079**
SCHEDULE - C			
SECURED LOANS			
Vehicle loan from Bank		5,368,936	1,692,451
TOTAL		**5,368,936**	**1,692,451**

SCHEDULE - D

FIXED ASSETS

(Amount in Rs.)

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
PARTICULARS	**As on 01.04.05**	**Additions**	**Sale**	**As on 31.03.06**	**As at 01.04.05**	**For the Year**	**Sale**	**As at 31.03.06**	**As at 31.03.06**	**As at 31.03.05**
Office Building	11,016,284	-	-	11,016,284	1,361,452	179,566	-	1,541,018	9,475,266	9,654,832
Machinery	369,060	-	-	369,060	173,819	17,530	-	191,349	177,711	195,241
Computer	4,965,390	1,275,470	-	6,240,860	3,457,615	741,063	-	4,198,678	2,042,182	1,507,775
Office Equipment	1,751,745	860,986	-	2,612,731	401,169	158,598	-	559,767	2,052,964	1,350,576
Furniture & Fixtures	307,533	1,287,131	-	1,594,664	91,532	33,039	-	124,571	1,470,093	216,001
Vehicles	5,693,032	5,861,417	1,567,413	9,987,036	1,486,871	624,425	834,948	1,276,348	8,710,688	4,206,161
Total	24,103,044	**9,285,004**	**1,567,413**	**31,820,635**	6,972,458	1,754,221	**834,948**	**7,891,731**	**23,928,904**	**17,130,586**
PREVIOUS YEAR	21,455,077	4,022,598	1,374,631	24,103,044	6,209,093	1,475,326	702,961	6,972,458	17,130,586	15,254,984

Schedules forming part of Balance Sheet
as at March 31, 2006

(Amount in Rs.)

	Numbers	Market Value	As at 31.03.2006	As at 31.03.2005
SCHEDULE - E				
INVESTMENTS				
Quoted				
Equity Shares of JSW Steel Limited	854	302.70		
	(5,054)		341,659	2,021,995
Equity Shares of Jindal South West Holdings Limited	125	191.25		
	(125)		31,945	31,945
Equity Shares of Flex Industries Limited	245	67.15		
	(122,245)		11,903	6,279,325
Equity Shares of IEC Software Limited	1,356	3.72		
	(1,356)		71,868	71,868
Equity Shares of Bell Ceramics Limited	3,000	23.20		
	(3000)		45,000	45,000
Equity Shares of Kajaria Ceramics Limited	440	43.60		
	(440)		37,400	37,400
Equity Shares of Precision Electronic Limited	46	108.50		
	(46)		483	483
Equity Shares of Shamken Spinners Limited	9,000	2.09		
	(9000)		36,000	36,000
Warrants of JSW Steel Limited	929			
	(Nil)		-	-
Equity Shares of Gujrat NRE Coke Limited	Nil			
	(3000)		-	-
Equity Shares of Ester Industries Limited	Nil			
	(1,897)		-	36,445
Equity Shares of Bhushan Steel & Strips Limited	Nil			
	(376)		-	57,980
Equity Shares of Indian Petrochemical Corporation Limited	Nil			
	(1,000)		-	187,452
Equity Shares of Indusind Bank Limited	Nil			
	(300)		-	17,266
Bonds of 7.35% Karnataka State Finance Bank	1,200,000	95.46		
	(Nil)		114,552,000	-
Bonds of 9.55% United Western Bank	Nil			
	(200)		-	20,436,631
Units of HDFC Liquid Fund				
			-	100,000,000
			115,128,158	129,259,790
Unquoted				
Equity Shares of Rs. 10 each fully paid up of A M Care Limited	100			
	(100)		1,000	1,000
Equity Shares of Rs. 10 each fully paid up of Intelligroup Advisors Private Limited	19,600			
	(Nil)		196,000	-
Equity Shares of Rs. 10 each fully paid up of A.K. Stockmart Private Limited	1,090,000			
	(Nil)		10,900,000	-
Equity Shares of Rs. 10 each fully paid up of Sunrise Corporate Service Limited	100,000			
	(100,000)		1,000,000	1,000,000
			12,097,000	1,001,000
Other Misc. Investments (Share Application Money)			655,000	1,215,649
TOTAL			127,880,158	131,476,439

Schedules forming part of Balance Sheet
as at March 31, 2006

(Amount in Rs.)

	As at 31.03.06	As at 31.03.05
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, Considered good)		
Outstanding for more than six months	-	-
Outstanding for less than six months	20,329,989	10,357,298
TOTAL	20,329,989	10,357,298
SCHEDULE - G		
CASH AND BANK BALANCES		
Cash in hand	1,721,674	304,665
Cash at bank		
With Banks - In Current Accounts	28,088,484	11,009,684
- In Fixed Deposit	-	95,417
TOTAL	29,810,158	11,409,766
SCHEDULE - H		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind for value to be received	688,548	419,969
Prepaid Expenses	460,431	-
Security Deposits	68,291,496	8,885,996
Fringe Benefit Tax (FY 2005-06)	585,000	-
Advance Income Tax & TDS (FY 2005-06)	26,239,571	-
Advance Tax & TDS (FY 2004-05)	-	13,520,074
TOTAL	96,265,046	22,825,939
SCHEDULE - I		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
TDS Payable	591,305	-
Advances	1,000,000	-
Sundry Creditors for expenses	6,799,536	8,184,407
TOTAL	8,390,841	8,184,407
Provisions		
Fringe Benefits Tax (FY 2005-06)	1,685,000	-
Income Tax (FY 2005-06)	26,500,000	-
Income Tax (FY 2004-05)	-	16,850,000
TOTAL	28,185,000	16,850,000
TOTAL OF CURRENT LIABILITIES & PROVISIONS	36,575,841	25,034,407
SCHEDULE - J		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary Expenses	397,409	13,812
Less: Written off during the year	45,959	6,903
TOTAL	351,450	6,909
Public Issue Expenses	-	62,287
Less: Written off during the year	-	62,287
TOTAL	-	-
TOTAL OF MISCELLANEOUS EXPENDITURE	351,450	6,909

Schedules forming part of Profit & Loss Account
for the year ended March 31, 2006

(Amount in Rs.)

	As at 31.03.06	As at 31.03.05
SCHEDULE - K		
INVESTMENTS INCOME		
Capital Gain on Investments	29,195,317	18,315,514
Interest Income	1,413,283	3,578,136
Dividend Income	34,890,885	296,479
Long Term Capital Gains on Shares	3,534,881	5,050,290
Short Term Capital Gains on Shares	1,177,760	488,608
TOTAL	70,212,126	27,729,027
SCHEDULE - L		
PERSONNEL COST		
Salaries, HRA, LTA and Bonus	19,618,506	11,436,419
Staff Welfare Expenses	775,020	562,507
Directors Remuneration	5,459,470	2,284,000
Incentive	589,620	211,610
Contribution to Employees Provident Fund	62,361	69,107
TOTAL	26,504,977	14,563,643
SCHEDULE - M		
SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement Expenses	6,017,514	1,064,136
Business Promotion Expenses	5,515,313	2,912,388
Diwali Expenses	1,999,653	871,563
Tour and Travelling Expenses	9,871,532	8,342,579
Rent, Rates and Taxes	9,109,962	6,773,564
Electricity Expenses	1,159,784	909,561
Conveyance Expenses	3,287,968	3,269,901
Auditors Remuneration	18,000	15,000
Telephone Expenses	3,266,874	3,985,516
Postage & Telegram Expenses	213,545	227,851
Courier & Mailing Expenses	308,235	243,893
Books and Periodical Expenses	136,339	122,898
Printing and Stationary Expenses	1,733,014	815,022
Dematerialisation Expenses	101,344	172,979
Conference and AGM Expenses	2,052,942	462,631
SEBI Fees	166,667	166,667
Legal Expenses	114,850	15,925
Listing Fees	25,000	25,000
Bank Charges	59,102	15,977
Office Maintenance Charges	1,145,332	961,486
Securities Transaction Tax	292,131	110,907
Repairs and Maintenance - Computer	579,366	460,901
- Others	367,433	572,913
Subscription Expenses	796,547	521,696
Professional Fees	359,169	29,299
Service Tax	13,690,633	8,575,545
Miscellaneous Expenses	157,596	163,695
Directors Sitting Fees	35,000	-
Rounding off Difference	(1)	-
TOTAL	62,580,844	41,809,492

Significant Accounting Policies and Notes to Accounts

SCHEDULE - N

A. Significant Accounting Policies:

1. Basis of Accounting: The financial statements are prepared under historical cost convection on an accrual basis. The financial statements have been prepared in compliance with all material aspects of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets: Fixed Assets are stated at cost net of accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

3. Depreciation: Depreciation on fixed assets has been provided on straight line method on pro-rata basis in accordance with the rates prescribed under Schedule (XIV) of the Companies Act, 1956.

4. Investments: Investments are stated at cost.

5. Taxes on Income: Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

   Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates, as applicable, to the extent that the timing differences as expected to crystalise.

6. Fringe Benefit Tax: The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income Tax Act, 1961 and the guidance note on Accounting for Fringe Benefit Tax issued by the Institute of Chartered Accountants of India.

7. Impairment of Assets : The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.

   An impairment loss is recognized whenever the carrying amount of an asset or its cash generation units exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use, which is determined based on the estimated future cash flow discounted to their present values. All impairment losses are recognized in compliance with AS -26.

   An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and recognized in compliance with AS -28.

8. Miscellaneous Expenditure: Expenses included under the head Miscellaneous Expenditure will be amortized over the period of 10 years.

9. Extraordinary Items : Extraordinary item refers to deficit on sale of fixed assets, due to accumulated depreciation.

B. Notes to accounts:

(Amount in Rs.)

DESCRIPTION	As at 31st March 2006	As at 31st March 2005
1. Preliminary expenses have been amortized in accordance with section 35D of the Income Tax Act, 1961	45,959	6,903
	45,959	6,903
2. Director Remuneration: Salaries	5,419,880	2,200,000
• H.R.A.	-	54,000
• Conveyance Allowance	9,590	-
• Bonus	30,000	30,000
• Perks (Rent Free Accomodation)	600,000	
	6,059,470	2,284,000
3. Auditors Remuneration		
• Audit Fee	18,000	15,000
	18,000	15,000
4. Expenditure in foreign currency (Foreign Tour)	Nil	Nil
5. Earning in foreign currency	Nil	Nil

6. Secured loans from banks include: Loan of Rs 5,368,936 (Previous Year Rs 1,692,451) secured against hypothecation of Vehicles.

7. Disclosures in respect of Accounting Standard -18 Related Party disclosures:

a) List of Related Parties and relationships

Key Management Personnel	Mr. Atul Kumar Mittal
	Mr. Deepak Mittal
	Mrs. Anshu
Relative of Key Management Personnel	
Mr. Abhinav Kumar	Son of Mr. Atul Kumar Mittal
Mrs. Anshu	Wife of Mr. Atul Kumar Mittal

b) The following transactions were carried out during the year with related parties in the ordinary course of business:

	For the year ended March 31, 2006	For the year ended March 31, 2005
Interest Free Refundable security deposit	1,712,000	-
Lease rent paid	936,600	600,000
Remuneration (including perquisite)	6,059,470	2,284,000

c) Outstanding as at March 31, 2006

	As at March 31, 2006	As at March 31, 2005
Interest Free Refundable security deposits	4,612,000	2,900,000
Lease Rent	50,000	50,000
Remuneration	25,000	164,530

d) Material Transactions

	For the year ended March 31, 2006	For the year ended March 31, 2005
Interest Free Refundable security deposits		
Mr. Abhinav Kumar	1,712,000	-
Lease Rent		
Mr. Abhinav Kumar	336,600	-
Mrs. Anshu	300,000	300,000
Mr. Atul Kumar Mittal	300,000	300,000
Remuneration		
Mr. Atul Kumar Mittal	5,225,000	1,900,000
Mr. Deepak Mittal	834,470	384,000

8. Balance under Sundry Debtors, Sundry Creditors, Loans and Advances payable or receivable are subject to confirmation as on 31.03.2006.
9. In the opinion of the management and to the best of their knowledge and belief the value of loans advances and other Current Assets in the ordinary course of business will not be less than the amount at which they will be stated in Balance Sheet.
10. In view of depreciation and other allowances/ deduction available in the Income Tax Act, 1961 it is the opinion of the management that the Income tax liability for the AY 2006-2007 will be Rs. 26.50 million.
11. Provision for proposed dividend on Equity share capital of the Company has not been made in the accounts for the year ended on 31st March, 2006. It is the opinion of the board that dividend should charged to Profit & Loss Account when it is approved by the shareholders in the forth coming A.G.M.
12. The figures in the Balance Sheet and Profit & Loss Account have been presented in Rupees.
13. Figures for the previous year have been re-grouped and re-arranged wherever considered necessary to confirm to current year groupings and classification.
14. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investors Education and Protection Fund as on March 31, 2006.

15. BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE

(Amount in Rs.)

1. REGISTRATION DETAIL		
Registration No.	55524	55524
State Code	55	55
Balance Sheet	31st March, 2006	31st March, 2005
2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.)		
Public Issue	Nil	Nil
Right Issue	Nil	Nil
Banks Issue	Nil	Nil
Private Placement	Nil	Nil
3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUND		
Total Liabilities	261,989,864	168,172,530
Total Assets	261,989,864	168,172,530
4. SOURCES OF FUNDS		
Paid up Capital	50,000,000	50,000,000
Reserve & Surplus	202,529,358	113,460,079
Vehicle Loans (secured)	5,368,936	1,692,451
5. PERFORMANCE OF THE COMPANY		
Turnover/ Other Income	269,590,037	144,810,717
Total Expenditure	139,608,491	74,441,782
Profit/ Loss Before Tax	129,613,081	70,368,935
Profit/ Loss After Tax	100,356,511	52,716,766
Dividend Paid	7,500,000	2,500,000
Earning per share	Rs. 20.07	Rs. 10.54

As per our report of even date

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor

For and on behalf of the Board

Mrs. Anshu
Chairperson

A. K. Mittal
Managing Director

Amit Kumar
Company Secretary

Place: New Delhi
Date : 29/08/2006

Cash Flow Statement

for the year ended 31st March, 2006

(Amount in Rs.)

DESCRIPTION	As at 31st March 2006	As at 31st March 2005
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extra ordinary items	129,981,546	70,368,935
Adjustment for Depreciation	1,754,221	1,475,326
Public issue and preliminary Exp.	45,959	69,190
Interest Received (Net)	(1,413,283)	(3,578,136)
Operating profit/(loss) before working capital changes	130,368,443	68,335,315
Adjustment for Current Assets		
i) Receivable	(9,972,691)	(3,449,627)
ii) Current Liabilities	(16,643,566)	(23,661,210)
Cash flow from operating activities	103,752,186	41,224,478
Direct Taxes Paid	(30,611,803)	(19,142,172)
Net cash from operating activities	73,140,383	22,082,306
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(9,285,004)	(4,022,598)
Acquisition of investment	3,596,281	(18,852,741)
Sale of Fixed Assets	364,000	364,500
Loans & Advances given	(46,614,536)	7,850,676
Net cash used in investment activities	51,939,259	(14,660,163)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest Received	1,413,283	3,578,136
Proceeds from issue to Share Capital	Nil	Nil
Loans	3,676,485	1,110,859
Deferred expenditure	(390,500)	Nil
Dividends on Equity Share Capital	(7,500,000)	(2,500,000)
Interest Paid	Nil	Nil
Net Cash used in financial activities	(2,800,732)	2,188,995
Net Increase/Decrease, in cash and cash equivalents	18,400,392	9,611,138
Cash and Cash equivalents at the beginning of the year	11,409,766	1,798,628
Cash and cash equivalents at the close of the year	29,810,158	11,409,766

As per our report of even date

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor (FCA)

Place: New Delhi
Date : 29/08/2006

By the order of the Board

A. K. Mittal
(Managing Director)

Mrs. Anshu
(Director)

Amit Kumar
(Company Secretary)

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of A. K. Capital Services Limited derived from the audited financial statement for the year ended March 31, 2006. The Statement has been prepared by the company in accordance with the requirements of Clause 32 of Listing Agreements with the various Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

For Kamal Kumar Jain & Co.
Chartered Accountants

Place : New Delhi
Date: 29/08/2006

K. K. Jain
Proprietor (FCA)

A. K. Stockmart Private Limited

Directors' Report

Dear Shareholders,

Your directors take pleasure in presenting the 1st Annual Report on the business and operations with audited accounts for the year ended 31st March 2006.

Financial Results:

PARTICULARS	YEAR ENDED 31ST MARCH 2006
Income	NIL
Profit (Loss) Before depreciation and interest	(1,000)
Add/Less: Depreciation	NIL
Profit/ (loss) for the year	(1,000)
Less: Provision for Tax	NIL
Profit/Loss after Tax	(1,000)
Leaving a balance to be carried forward	(1,000)

Business:-

The Company was incorporated on 17.01.06 and has applied for membership to National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE). The approvals from these authorities are pending and therefore the company has not been able to commence any business during the current financial year.

Dividend: -

The Board of Directors of the Company does not recommend any dividend for the year ended 31st March 2006.

Directors: -

Mr. A. K. Mittal and Mrs. Anshu, Directors of the Company retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Ms. Aditi Mittal and Mr. S. C. Madan were appointed as additional directors during the year and retire at the ensuing Annual General Meeting of the Company. The company has received Notices from members proposing their candidature and the company recommends their appointment. Mr. S. C. Madan is an independent director appointed on the Board of the Company.

Share Capital: -

The entire share capital of the Company is held by A. K. Capital Services Limited and others acting as Nominee of A. K. Capital Services Limited.

Directors Responsibility Statement: -

The Directors would like to assure the Members that the financial statements for the year under review conform in their entirely to the requirements of the Companies Act, 1956.

Pursuant to provision of section 217 (2AA) of the Companies Act, 1956, the board hereby certifies & confirms that: -

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

2. That the directors had selected such accounting, policies and applied made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the company at the end of the Financial year and of the profit & loss of the company for that period.
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the annual accounts on a going concern basis.

Auditors Report: -

The observations made in the Auditors Report are Self-explanatory and therefore do not call for any further comments.

Appointment Of Auditors: -

The Statutory Auditors of the Company M/s. Kamal Kumar Jain & Co., Chartered Accountants retire at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings Outgo: -

1. **Conservation of Energy:** - Not Applicable
2. **Research And Development (R& D):** - Not Applicable
3. **Total Foreign Exchange Earned and outgo:** - During the year under report the total foreign exchange outgo was nil.

Deposits: -

The company has not accepted any deposits attracting the provisions of Section 58A of the companies Act, 1956.

Particulars of Employees: -

None of the employees of the company are in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this Report.

However, as per provisions of Section 219(1)(b)(IV) of the Companies Act, 1956, this Report and Accounts are being sent to all the shareholders of the Company excluding the Statement of Particulars of Employees under Section 217 (2A) of the Companies Act.

Personnel: -

The relationship with the employees has been cordial. Your Directors wish to place on record their appreciation for the devoted service rendered by the employees at all levels of the Company..

Acknowledgements: -

The Board places on record its gratitude to the Company's valued shareholders and employees for their continued support and confidence in the Company.

By the order of the Board of Directors
For A. K. STOCKMART PRIVATE LIMITED

Mrs. Anshu
Director

Place: New Delhi
Date: 08/07/2006

KAMAL KUMAR JAIN & CO.
(CHARTERED ACCOUNTANTS)

A-160, IInd Floor,
Vikas Marg, Shakarpur,
Delhi-110092

AUDITORS' REPORT

To
The Shareholders
A. K. Stockmart Private Limited

We have audited the attached Balance Sheet of the above company, as at 31st March 2006 and Profit and Loss account and Cash Flow Statement of the company for the period ended on that date annexed there to. These Financial Statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors Report) Order 2003 as amended by companies (Auditors Reports) (amendment) order 2004 (together the order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in Para 4 and 5 of the said order.

Further to our comments in the Annexure, we report that:

1. We have obtained all the information and explanation, which to best of our knowledge and belief were necessary for the purpose of audit.
2. In our opinion, proper books of account as required by law, have been kept by the company, so far as it appears from our examination of such books.
3. The Balance Sheet, Cash Flow Statement and Profit & Loss Account dealt with by this report are in agreement with the Books of Accounts.
4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report company with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
5. On the basis of written representation received from Directors of the company as at 31st March 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as Director of the company under Section 274(1)(g) of the Companies Act, 1956.

6. In our opinion and to the best of our information and according to explanations given to us, the said account read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   I. In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2006.

   II. In case of Profit & Loss Account, of profit of the company for the period ended on that date.

   III. In the case of the Cash flow statement, of the cash flows of the company for the period ended on that date.

For Kamal Kumar Jain & Co.
(Chartered Accountants)

Place: New Delhi
Date: 08/07/2006

K. K. Jain
Proprietor (FCA)

Annexure to the Auditors' Report

As mentioned in paragraph 3 of our audit report, we report that

i) a) Not applicable as the company has no fixed asset.
   b) Not applicable as the company has no fixed asset.
   c) Not applicable as the company has no fixed asset

ii) a) Not applicable as the company has no stock in trade.
   b) Not applicable as the company has no stock in trade.
   c) Not applicable as the company has no stock in trade.

iii) In our opinion and according to the information and explanations given to us, the Company has not received/granted any loan secured or unsecured to/from Companies, Firms or other parties covered in the register maintained under section 301 on the Companies Act, 1956.

iv) In our opinion and according to the information and explanations given to us, the Company has an adequate internal control system commensurate with its size of the Company and nature of its business for purchase or inventories and fixed assets and for the sale of services & goods. No major weaknesses were reported in the internal control system of the Company.

v) In our opinion and according to the information and explanation given to us, the Company has not entered contracts or arrangements that needs to be entered into register in pursuance of Section 301 of the Companies Act, 1956.

vi) The Companies has not accepted any deposit from public and consequently the provisions of Section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder are not applicable.

vii) In our opinion and according to the information and explanations given to us, the Companies present internal audit system is adequate so as to commensurate with its nature and size.

viii) In our opinion and according to the information and explanations given to us, maintenance of Cost records in terms of Section 209 (I) (d) of the Companies Act, 1956, has not been prescribed by the Central Government, in respect of the transactions of the Company.

ix) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Income Tax with the appropriate authorities. Employees State Insurance Act and Employees Provident Fund Act are not applicable to the Company. No undisputed amount in respect of above Statuary dues remained outstanding for six month or more at the end of the year.

   (b) In our opinion and according to the information and explanation given to us, no disputed amount were pending with the company at the end of the year in respect of statutory dues.

x) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank during year under review.

xi) Not applicable, as the company does not have any outstanding loan/debentures.

xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loan on the basis of any security.

xiii) Not applicable, as the company is not a Nidhi/Mutual Benefit Fund/Society.

xiv) Not applicable as the company has no transaction relating to trading and dealing in shares.

xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by other from banks or financial institutions.

xvi) In our opinion and according to the information and explanations given to us, the Company has not taken term loan from any banks or financial institutions during the year review.

xvii) In our opinion and according to the information and explanations given to us, the Company has not raised short-term funds and no funds raised on short-term basis have been used for long-term investment and vice versa.

xviii) Not applicable as the company is a private limited Company.

xix) Not applicable; as no debentures have been issued by the Company.

xx) Not applicable; as no funds have been raised by the Company during the year under review from public issue.

xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year under review.

For Kamal Kumar Jain & Co.
(Chartered Accountants)

Place: New Delhi
Date: 08/07/2006

K. K. Jain
Proprietor (FCA)

A. K. Stockmart Private Limited

Balance Sheet

as at March 31, 2006

(Amount in Rs.)

	Schedule	As at 31.03.06
SOURCES OF FUNDS		
Shareholders Funds		
Share Capital	A	10,900,000
TOTAL		10,900,000
APPLICATION OF FUNDS		
Current Assets, Loans and advances		
Cash and Bank balances	B	10,418,627
Less: Current Liabilities and Provisions		
Liabilities	C	1,000
Net Current Assets		10,417,627
Miscellaneous Expenditure	D	481,373
(To the extent not written off or adjusted)		
Profit & Loss A/c (Debit Balance)		1,000
TOTAL		10,900,000
Statement of Significant Accounting Policies and Notes forming an integral part of Accounts	E	

As per our report of even date
For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor

Place: New Delhi
Date: 08/07/2006

For and on behalf of the Board

Mrs. Anshu
Director

Aditi Mittal
Director

A. K. Stockmart Private Limited

Profit and Loss Account

for the year ended March 31, 2006

(Amount in Rs.)

	Schedule	As at 31.03.06
INCOME		
TOTAL INCOME		-
EXPENDITURE		-
Audit Fees		1,000
TOTAL EXPENDITURE		1,000
Profit before Tax and Extraordinary and Prior Period items		(1,000)
Less: Provision for Taxation for current year		
Income Tax		-
Fringe Benefit Tax		-
Deferred Tax		-
Profit After Tax after Extraordinary and prior Period items		(1,000)
Add: Balance brought forward from last year		-
Profit available for Appropriation		(1,000)
Appropriations		
Income Tax (Previous Year)		-
Dividend		
Equity (Previous Year)		-
Amount transferred to		
General Reserve		-
Surplus carried to Balance Sheet		(1,000)
Statement of Significant Accounting Policies and Notes forming an integral part of Accounts	E	

As per our report of even date
For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor

Place: New Delhi
Date: 08/07/2006

For and on behalf of the Board

Mrs. Anshu
Director

Aditi Mittal
Director

Schedules forming Part of Balance Sheet
as at March 31, 2006

(Amount in Rs.)

	As at 31.03.06
SCHEDULE - A	
SHARE CAPITAL	
Authorised	
5,000,000 Equity Shares of Rs. 10 each	50,000,000
Issued, Subscribed and Paid Up	
1,090,000 Equity Shares of Rs. 10 each fully paid up	10,900,000
TOTAL	10,900,000
SCHEDULE - B	
CASH AND BANK BALANCES	
Cash at bank in Current Account	10,418,627
TOTAL	10,418,627
SCHEDULE - C	
CURRENT LIABILITIES & PROVISIONS	
Current Liabilities	
Audit Fees	1,000
TOTAL	10,418,627
SCHEDULE - D	
MISCELLANEOUS EXPENDITURE	
(to the extent not written off or adjusted)	
Preliminary Expenses	481,373
Less: Written off during the year	-
TOTAL OF MISCELLANEOUS EXPENDITURE	481,373

As per our report of even date
For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor

Place: New Delhi
Date: 08/07/2006

For and on behalf of the Board

Mrs. Anshu
Director

Aditi Mittal
Director

SCHEDULE - E

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING AN INTEGRAL PART OF THE ACCOUNTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Financial Statements:
   - The financial statements have been prepared in compliance with all material aspects of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.
   - Financial statements are based on historical cost and are prepared on accrual basis.
2. Fixed Assets: The company was incorporated on 17.01.06 and has not acquired any fixed assets till 31st March, 2006.
3. Depreciation: The company has no fixed assets hence no depreciation is provided in the current year.
4. Investments: The company has no investments.
5. Miscellaneous Expenditure: Expenses included under the head Miscellaneous Expenditure will be amortized over the period of 5 years. The company has not commended business hence miscellaneous expenditure is not amortised during the current year. The expenses will be amortised from the year the company commences its operations.

NOTES FORMING PART OF THE BALANCE SHEET

1. Preliminary expenses have not been amortised during the current year as the company has not commenced the business operations.
2. Auditors Remuneration - Audit fees for the current year Rs. 1000/-.
3. Expenditure in foreign currency during the current year is nil.
4. Earnings in foreign currency during the current year is nil.
5. Contingent Liability: The company has no contingent liabilities.
6. Figures have been rounded off to the nearest rupee.
7. FY2005-06 is the first year of the company hence last years figures are not available.

A. K. Stockmart Private Limited

Cash Flow Statement

for the year ended 31st March, 2006

(Amount in Rs.)

	DESCRIPTION	As at 31st March, 2006
A	CASH FLOW FROM OPERATING ACTIVITIES	
	Net Profit before Tax and extra ordinary items	(1,000)
	Adjustment for Depreciation	Nil
	Public issue and preliminary Exp.	Nil
	Interest Received	Nil
	Interest Paid	Nil
	Operating profit/(loss) before	(1,000)
	Working Capital changes	
	Adjustment for Current Assets	
	i) Receivable	Nil
	Current Liabilities	1,000
	Cash flow from operating activities	Nil
	Direct Taxes Paid	Nil
	Net Cash from operating activities	Nil
B	CASH FLOW FROM INVESTING ACTIVITIES	
	Acquisition of fixed assets	Nil
	Acquisition of investment	Nil
	Sale of fixed assets	Nil
	Loans & advances given	Nil
	Net cash used in investment activities	Nil
C	CASH FLOW FROM FINANCING ACTIVITIES	
	Interest Received	Nil
	Proceeds from issue to Share capital	10,900,000
	Repayment of loans	Nil
	Deferred expenditure	481,373
	Dividends on Equity Share Capital	Nil
	Interest Paid	Nil
	Net Cash used in financial activities	10,418,627
	Net Increase/Decrease, in cash and cash equivalents	10,418,627
	Cash and cash equivalents at the beginning of the year	Nil
	Cash and cash equivalents at the close of the year	10,418,627

As per our report of even date
For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor

Place: New Delhi
Date: 08/07/2006

For and on behalf of the Board

Mrs. Anshu
Director

Aditi Mittal
Director

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of A. K. Stockmart Private Limited derived from the audited financial statement for the period ended March 31, 2006. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing Agreement with the various Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

For Kamal Kumar Jain & Co.
Chartered Accountants

Place : New Delhi
Date: 08/07/2006

K. K. Jain
Proprietor (FCA)

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company`s Interest in Subsidiary Companies for the financial year 2005-06

1.	Name of Subsidiary Company	A. K. Stockmart Private Limited
2.	Financial year ending of the Subsidiary	31st March 2006
3.	Date from which it become the subsidiary company	20th February 2006
4.	No. of shares held by A. K. Capital Services Limited along with its nominees at the end of the financial year of the Subsidiary Company	1,090,000 equity shares
	Extent of holding	100%
5.	The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding Company:	
	a. Not dealt with in the Holding Company Accounts for the financial year ended 31st March 2006	Rs. (1,000)
	b. Dealt with in the Holding Company Accounts for the financial year ended 31st March 2006	-

DETAILS OF SUBSIDIARY COMPANIES

Particulars	A. K. Stockmart Private Limited
Share Capital	Rs. 10,900,000.00
Reserves and Surplus	Rs. (1,000)
Total Assets	Rs. 10,900,000.00
Total Liabilities	Rs. 10,900,000.00
Investments	Nil
Revenue	Rs. (1,000)
Profit Before Taxation	Rs. (1,000)
Provision for Taxation	Nil
Profit After Tax	Rs. (1,000)
Proposed Dividend	Nil

Establishments

Registered Office
Flat No. N, Sagar Apartments,
6, Tilak Marg, New Delhi - 110 001
Tel: (011) 23385696 Fax: (011) 23385189
Email: akdelhi@akgrouponline.com

Northern Region
New Delhi
Flat No. N, Sagar Apartments,
6, Tilak Marg, New Delhi -110 001
Tel: (011) 23385696 Fax: (011) 23385189
Email: akdelhi@akgrouponline.com

Western Region
Mumbai
135, Free Press House,
13th Floor, Free Press Journal Marg,
215, Nariman Point, Mumbai - 400 021
Tel: (022) 66349300 Fax: (022) 66360977
Email: akmumbai@akgrouponline.com

Mumbai
30 - 39, Free Press House,
3rd Floor, Free Press Journal Marg,
215, Nariman Point, Mumbai - 400 021
Tel: (022) 66349300 Fax: (022) 66360977
Email: akmumbai@akgrouponline.com

Ahmedabad
211, Shail Complex, 2nd Floor,
Opp. Madusudan House, Shilpchar Rasta,
C.G. Road, Navrangpura,
Ahmedabad - 380 009
Tel: (079) 32910590 Fax: (079) 26400652
Email: akahmedabad@akgrouponline.com

Pune
Office No. 705, 7th Floor, Sohrab Hall,
21, Sasoon Road, Pune - 411 001
Tel: (020) 64002241 Fax: (020) 66031616
Email: akpune@akgrouponline.com

Corporate Office
30 - 39, Free Press House,
3rd Floor, Free Press Journal Marg,
215, Nariman Point, Mumbai - 400 021
Tel: (022) 66349300 Fax: (022) 66360977
Email: akmumbai@akgrouponline.com

Eastern Region
Kolkata
1406, Om Towers, 14th Floor,
32 J. L. Nehru Road, Kolkata - 700 071
Tel: (033) 32529876 Fax: (033) 22982643
Email: akkolkata@akgrouponline.com

Southern Region
Bangalore
Office No.509/510, 5th Floor,
Bridge Tower, No 135,
Brigade Road, Bangalore - 560 025
Tel: (080) 22248514 Fax: (080) 22292770
Email: akbangalore@akgrouponline.com

Hyderabad
5-9-93/1, Sakhti Sai Complex,
207, 2nd Floor, Chapel Road,
Hyderabad - 500 001
Tel: (040) 55638862 Fax: (040) 23297150
Email: akhyderabad@akgrouponline.com

Chennai
No.17A, 1st Floor, Wellington Estate,
Ethiraj Salai, Egmore, Chennai - 600 008
Tel: (044) 42147213 Fax: (044) 42145405
Email: akchennai@akgrouponline.com

Coimbatore
New No. 51, Old No. A-6, Anugragha Apts.,
Phase 1, Peelamedu, Kamarajar Road,
Coimbatore - 641004
Tel: (0422) 2592771
Email: ramesh@akgrouponline.com