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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Anshu	Non Executive Chairperson
Mr. A. K. Mittal	Managing Director
Mr. Deepak Mittal	Whole Time Director
Mrs. Shyam Lata Garg (resigned on 16/07/2007)	Director
Mr. Raghubinder Rai	Independent Director
Mr. Subhash C. Madan	Independent Director
Mr. Subhash Chandra Bhargava	Independent Director
Mr. Srinath Srinivasan (appointed on 13/10/2007)	Independent Director

COMPANY SECRETARY

Ms. Krupali Daru

AUDITORS

M/s. Suresh Surana & Associates
Chartered Accountants

BANKERS

HDFC Bank Limited
Bank of India
Punjab National Bank
Union Bank of India
Indian Overseas Bank
Corporation Bank

REGISTERED OFFICE

Flat No. N, Sagar Apartments, 6, Tilak Marg,
New Delhi – 110001
Tel: +91 11 23381561
Fax: +91 11 23385189
Email: akdelhi@akgroup.co.in
Website: www.akcapindia.com

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Fax: +91 22 66100594
Email: akmumbai@akgroup.co.in

REGISTRAR AND SHARE TRANSFER AGENT

Abhipra Capital Limited
Abhipra Complex, A –387, Dilkhush Industrial Area,
G. T. Karnal Road, New Delhi –110033
Tel: +91 11 42390990
Fax: +91 11 42390911

DIRECTORS' REPORT

Dear Shareholders
A. K. Capital Services Limited

Your Directors are pleased to present 15th Annual Report together with the Audited Accounts for the financial year ended 31 March 2008.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the financial year ended 31March 2008 is summarised below:

(Rupees in Millions)

Particulars	For the financial year ended 31 March 2008	For the financial year ended 31 March 2007
Total income	**863**	469
Profit before tax	**405**	178
Provision for taxes	**138**	41
Profit after tax	**266**	137
Surplus brought forward from previous year	**147**	67
Transfer to General Reserves	**50**	15
Balance carried to Balance Sheet	**333**	147
Networth	**1,013**	347
Equity Dividend (%)	**35**	35
Earning per share		
Basic (Rs.)	**48.47**	27.33
Diluted (Rs.)	**37.26**	27.33

REVIEW OF OPERATIONS

The Company has emerged as a strong player in the financial services space. Total Income for the FY 2007-2008 was Rs.863 million against Rs.469 million in the FY 2006-2007, reflecting a growth of 84%. Profit after tax for the current financial year was Rs.266 million as against Rs.137 million for the previous financial year, registering a growth of 94%.

Income from Merchant Banking Fees for the current financial year was Rs.681 million as against Rs.359 million for the previous financial year, registering a growth of 90%. During the current financial year, Investment Income was higher by 68% at Rs.175 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review, as required under Clause 49 of the Listing Agreement executed with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance. The Directors adhere to the requirements set out by Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed therein.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report. A declaration from the Managing Director of the Company, regarding compliance with the Company's Code of Conduct for Directors and Senior Management, forms part of Report on Corporate Governance.

The requisite certificate from the Auditors of the Company, M/s. Suresh Surana & Associates, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, forms part of the Annual Report.

DIVIDEND

Your Directors have recommended a Dividend of 35% (Rs.3.50 per Equity Share) on 5,800,000 Equity Shares of the face value of Rs. 10 each for the financial year ended 31 March 2008. The payment of dividend together with tax thereon will have a payout of Rs.23.75 million.

Preference Dividend on 800,000 6% Convertible Cumulative Preference Shares of Rs.225 each for a period of 171 days, together with tax thereon will have a payout of Rs.5.90 million.

SHARE CAPITAL

During the financial year ended 31March 2008, authorised share capital increased to Rs.350 million from Rs.140 million and the paid up equity share capital increased to Rs.58 million from Rs.50 million, pursuant to the approval of the shareholders in the 14th Annual General Meeting held on 29 September 2007.

During the financial year ended 31March 2008, the Company raised Rs.427.50 million through preferential issue of –

- 800,000 Equity Shares at an issue price of Rs.225 per share to FirstRand (Ireland) Public Limited Company
- 800,000 6% Convertible Cumulative Preference Shares at an issue price of Rs.225 per share to FirstRand (Ireland) Public Limited Company
- 3,000,000 Equity Share Warrants to Promoter group and others at an issue price of Rs.225 per warrant and has received Rs.67.50 million as application money.

FirstRand (Ireland) Public Limited Company, is private equity arm of FirstRand Group - one of the largest financial groups of South Africa having presence in UK, Australia, Ireland, Mauritius, etc.

UTILISATION OF ISSUE PROCEEDS

The Company has fully utilized the issue proceeds of Rs.427.50 million for investment banking, to scale up the operations of merchant banking and for organic and inorganic growth of the Company.

DIRECTORS

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

Mr. Srinath Srinivasan was appointed as a Nominee Director representing FirstRand (Ireland) Public Limited Company at the Board Meeting held on 13 October 2007. Mr. Srinivasan was appointed as an Additional Director of the Company and pursuant to the proviso of Section 260 of the Companies Act, 1956, holds office as an Additional Director upto the date of this Annual General Meeting and being eligible offers himself for appointment as a Director. In terms of Section 257 of the Companies Act, 1956, the Company has received notice in writing from a member along with the requisite deposit of Rs.500 proposing the candidature of Mr. Srinath Srinivasan.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanation relating to material departures, if any;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31March 2008 and of the profit of the Company for the financial year ended 31March 2008;
3. they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

SUBSIDIARIES

During the FY 2007-2008, the Company has following wholly owned subsidiaries:
A. K. Stockmart Private Limited
A. K. Capital Corporation Private Limited

As per Clause 32 of the Listing Agreement and Section 212 of the Companies Act, 1956 the consolidated financial statements of the Company with their Subsidiaries is given separately in the Annual Report.

AUDITORS AND AUDITORS REPORT

M/s. Suresh Surana & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred in the Auditors' report are self-explanatory and therefore do not call for any further comments.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the Audited Consolidated Financial Statements are provided in the Annual Report.

DEPOSITS

During the financial year ended 31 March 2008, the Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, and the rules thereunder.

ENERGY CONSERVATION, RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and research & development and technology absorption respectively are not applicable to the Company.

The Company has no foreign exchange earnings during the financial year ended 31March 2008. The information on foreign exchange outgo is furnished in the Notes to Accounts – Schedule "O", forming part of Annual Report.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Audited Financial Statements are being sent to all the shareholders of the Company excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company at the registered office.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from banks & government authorities. Your Directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts. Your Directors are also thankful to the shareholders for their continued support to the Company.

For and on behalf of the Board of Directors

Anshu
Chairperson

Mumbai, 25 July 2008

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

India continued to grow at a rapid pace in FY 2007-2008, albeit slightly slower than in the previous financial year. The advance estimates from the Central Statistical Organization placed the rise in GDP for FY 2007-2008 at 8.7%, compared to a rise of 9.6% in FY 2006-2007. Inflation flared near to the close of FY 2007-2008 to end the year at 7.4% compared to 5.9% at end-March 2007.

The significant volatility of the global financial markets, unlike previous occasions, failed to translate in a too-severe impact on the financial markets in the Emerging Market Economies (EME). Overall in end-March 2007 to end-March 2008, the MSCI emerging market index rose by 18.9% but the MSCI developed markets index fell by 5.1%. The Indian equity market witnessed large swings in FY 2007-2008 with the BSE Sensex increasing by 19.7% to 15,644 at end-March 2008 but with the intra-year peak at 20,873. Sound macroeconomic fundamentals, increase in corporate profitability and foreign fund inflows through the FIIs could be some of the reasons for the general positive sentiments that prevailed in the Indian equity markets.

In the G-Sec market, primary market yields of 91-day, 182-day and 364-day T-bills softened in FY 2007-2008, declining by 63-84 bps to 7.23%, 7.36% and 7.35% respectively by end-March 2008. In the secondary market, G-Sec yield with 1-year residual maturity declined from 7.55% at end-March 2007 to 7.49% in March 2008. The yield on G-Sec with 10-year residual maturity declined marginally from 7.97% in March 2007 to 7.93% in March 2008. Consequently, the yield spread between 10-year and 1-year G-sec increased from 42 bps at end-March 2007 to 44 bps at end-March 2008.

The Corporate Debt market provides as alternative means of long term resources (alternative to financing by banks and financial institutions) to corporates. In India, banks and financial institutions have traditionally been the most important external source of finance for the corporate sector. The size of Indian corporate debt market is very small in comparison with not only developed markets, but also some of the emerging market economies in Asia such as Malaysia, Thailand and China.

With the intent of the development of the corporate debt market some initiatives were taken by SEBI in the past few years. A well organized debt market would mean more informed transactions and at fairer prices. For the secondary markets to function efficiently, the trading and settlement infrastructure are getting developed. Derivate markets help in improving the liquidity of the underlying cash market. Derivative products generally have huge demand in mature markets as they provide investors with a wide range of investment products and instruments for managing their risk. Thus in order to attract sophisticated investors to promote liquidity, RBI is taking steps to develop appropriate hedging tools.

India is now one of the fastest growing economies in the world and is endeavoring to step up the growth rate. In India, high economic growth has created ample demand for funds from the corporate sector which is reflected in sharp growth in bank credit and increased resource mobilization from the international market. Infrastructure financing requirements are large and could not be expected to be met by the banking sector alone.

The positive development on the external front included a sharp increase in the net capital inflows through Foreign Direct Investments, FII flows to equity markets, short-term credit as also through External Commercial Borrowings. The inflows on the capital account side were more than enough to accommodate a significant rise in the trade deficit for FY 2007-2008 to USD 80 billion compared to around USD 59 billion in FY 2006-2007, thereby leading to a total accretion to foreign currency reserves of the RBI at around USD 110 billion (including valuation changes) for FY 2007-2008.

Overview

FY 2007-2008 was another successful year for A. K. Capital Services Limited, which resulted in several key achievements.

- Participated in debt issues aggregating to Rs.165,281 million
- Ranked 1st in India – Non Banks Category – All Debt
- Ranked 1st in India – Non Banks Category – SFCs & SLUs
- Ranked as 4th in India – Non Banks category – Private Sector Companies

(Source: Prime Database)

During the financial year ended 31March 2008 the Company has concluded many land mark transactions. Some of the remarkable transactions are as under:

Fixed Income Market

- Lead arranger for Rs.4,000 million Optionally Fully Convertible Debenture issue of Shree Maheshwar Hydel Power Corporation
- Sole arranger for Rs.3,000 million Non Convertible Debenture issue of Welspun Gujarat Stahl Rohren Limited, rated A+ by CARE
- Lead arranger for Rs.1,000 million Non Convertible Debentures issue of Hindustan Organics Chemicals Limited, a Government of India enterprise

Equity Market

- Book Running Lead Manager of Rs.13,600 million Qualified Institutional Placement of Bank of India and was the highest arranger of subscription among all arrangers
- Joint arranger in Demutualization of The Delhi Stock Exchange Association Limited

Current Year Ranking – Domestic Market

PRIME
THE PRIMARY MARKET MONITOR

League Table
Arrangers/Investors

Issue Type	Private Placements
Instrument	Debt
Issuer Type	All
Other Conditions	(1) All Issues: Distributed, Structured, On – Tap & Mobilisation excluding Section 54E & 88 Bonds (2) Only issues with both tenor and Put/Call of 1 year and above (3) Issue amount credit on full basis to concerned arrangers

Non – Banks

Rank	Arranger/Investor	Total amount (Rs. in Millions)	% of Total	Total number of issues
1	**A. K. Capital Services Limited**	**1,65,281.50**	**17.20**	**75**

Issue Type	Private Placements
Instrument	Debt
Issuer Type	State Level Financial Institution & SLUs
Other Conditions	(1) All Issues: Distributed, Structured, On – Tap & Mobilisation excluding Section 54E & 88 Bonds (2) Only issues with both tenor and Put/Call of 1 year and above (3) Issue amount credit on full basis to concerned arrangers

Non – Banks

Rank	Arranger/Investor	Total amount (Rs. in Millions)	% of Total	Total number of issues
1	**A. K. Capital Services Limited**	**13,224.50**	**49.80**	**10**

Issue Type	Private Placements
Instrument	Debt
Issuer Type	Private Sector Companies
Other Conditions	(1) All Issues: Distributed, Structured, On – Tap & Mobilisation excluding Section 54E & 88 Bonds (2) Only issues with both tenor and Put/Call of 1 year and above (3) Issue amount credit on full basis to concerned arrangers

Non – Banks

Rank	Arranger/Investor	Total amount (Rs. in Millions)	% of Total	Total number of issues
4	**A. K. Capital Services Limited**	**20,880.00**	**11.40**	**25**

Financial Review

The Company delivered superior financial performance during the financial year ended 31March 2008 with improvement across all parameters.

The Company's share capital increased by Rs.256 million during the year under review due to the following reasons –

1. Preferential issue of 800,000 Equity Shares and 800,000 6% Convertible Cumulative Preference Shares to FirstRand (Ireland) Public Limited Company.
2. Preferential issue of 3,000,000 Equity Share Warrants to Promoter group and others.

The Reserves and surplus rose to Rs.410 million as on 31March 2008 up 14% over the previous financial year due to addition of Rs.172 million to the share premium account, consequent to the capital raising as detailed above, and retained earnings.

Total Income achieved for the financial year ended 31March 2008 was Rs.863 million, reflecting a growth of 84% over the previous financial year. Income from Merchant Banking Fees for the current financial year was Rs.681 million as against Rs.359 million for the previous financial year, registering a growth of 90%. During the current financial year, Investment Income was higher by 68% at Rs.175 million.

Employee cost was Rs.63 million for the financial year ended 31March 2008 as against Rs.44 million in the previous financial year. Administrative expense was Rs.380 million for the current year as against Rs.237 million in the previous financial year.

Human Resources

One of the key reasons for the growth of A. K. Capital Services Limited is undoubtedly its People. The Company continues to invest substantially in people development and have in place policies and process to ensure employee welfare and skill development. The Company concentrates on development of employees by equipping them with functional skills and also with skills necessary for leadership effectiveness and self-development. The Company ensures that the best talent is acquired, nurtured, developed and retained. There is appropriate blend of youth and experience with most of the workforce below 40 years of age. The average age of the employees is around 33 years.

Opportunities and Threats

Opportunities

- Public issue of Debt: More than 95 % of the fund raising in the Corporate debt market happens through the Private Placement (Institutional) market route, thus reflecting absence of retail participation in the Corporate debt market. The Government, along with the capital market regulator – SEBI, has recognized this inconsistency, and has made considerable progress in developing a vibrant & active "Public Issue of Debt market". This would considerably increase the size of the Indian debt market. AK Capital is well poised to take advantage of this opportunity, as it already figures among the leading players in the Institutional debt market
- Increasing share of Corporate's borrowing through the Corporate debt market: The share of corporate borrowing through the debt securities market is showing an increasing trend and has grown from approx 10 % in 2005-06 to almost 19 % in 2007-08. This reflects that there are increasing number of corporates resorting to borrow from the debt securities market as against the traditional loan market
- Introduction New financial products in the Debt market
- Securitization products
- Structured products
- Forex products
- Retail distribution of debts
- Scalability through increased brand awareness, market penetration and service offerings across all categories of financial services

Threats

- A higher Inflation rate leads to a pressure for upward revision of domestic interest rates. With the increase in borrowing cost, corporates tend to delay their expansion projects and might lead to a slowdown in the borrowings by the corporates
- The CRR increase will take some liquidity away from the banking sector and hence the banking sector will have less funds to lend
- Competition from local and multinational players
- Changing global financial markets

Outlook

The Company's results for the financial year ended 31March 2008 demonstrates the strong fundamental growth in the India story. However the economy inhibits the concern over the impact of inflation, the weakening of global economy and rising crude oil prices. The Company believes that the present economic scenario offers immense opportunities for it to grow in scale and reach coupled with value creation. The company is confident that with its business model it shall be able to take advantage of the significant growth opportunities in the coming years.

Risk and concerns

India has emerged as one of the fastest growing economies in the globe and has generated a lot of interest among foreign investors both financial and strategic. Global players see India as the future economic powerhouse and they are making huge investments in different businesses within the country.

Every surge in business opportunities also brings along with it new deep pocket competitors into the market. The Company derives its revenues from the Indian Capital Market (Debt & Equity), and recognizes that quality human Resource and Funds are of utmost importance for its business. Concrete measures on both these fronts are being planned. However, even in the past, competition has only helped the Company to build a strong business model, employ the best human talent and capitalize on the long years of excellent client relationships.

Internal control systems and their adequacy

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

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

Cautionary statement

The statements made in this report describe the Company's objectives and projections that may be forward looking statement within the meaning of applicable securities laws and regulations. The actual result might differ materially from those expressed or implied depending in the economic conditions, government policies and other incidental factors which are beyond the control of the Company.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY

Corporate Governance results in the administration of the Company in a regulated manner, which makes management transparent, accountable, sustainable and ethical. The Company believes that good corporate governance leads to the optimal utilization of resources and enhances the value of enterprise. The Company's Corporate Governance is based on the following principles:

- Appropriate composition, size of the Board and commitment to adequately discharge its responsibilities and duties
- Transparency in the functions of the Board
- Independent verification and assured integrity of financial reporting
- Adequate risk management and internal control
- Protection of shareholder rights and priority for investor relations
- Compliance with applicable rules and regulations
- Systematic and timely disclosure of all material information

The report on Corporate Governance as per the applicable provisions of Clause 49 of the Listing Agreement is as under:

2. BOARD OF DIRECTORS

Composition: The Board comprises of seven Directors including a Non-Executive Chairperson, a Managing Director, a Whole Time Director and four Non-Executive Independent Directors. The composition of the Board confirms to the requirements of the Clause 49 of the Listing Agreement.

None of the Directors is a Member of more than 10 Committees and Chairman of more than 5 Committees, as specified in Clause 49 of the Listing Agreement, across all the companies in which he is a Director.

The names and categories of Directors, the number of Directorships and committee positions held by them are as follows:

Name of the Director	Relationship with other Director	Category of Director	Total number of Committee Memberships, Chairmanships and Directorships of public companies* as on 31March 2008		
			Committee Memberships+	Committee Chairmanships+	Directorships$
Mrs. Anshu	Wife of Mr. A. K. Miital	Non-Executive Chairperson	-	1	4
Mr. A. K. Mittal	Husband of Mrs. Anshu	Managing Director	1	-	4
Mr. Deepak Mittal	NA	Whole Time Director	1	-	1
Mrs. Shyam Lata Garg**	Mother of Mrs. Anshu	Director	-	-	-
Mr. Subhash C. Madan	NA	Non-Executive Independent Director	-	1	2
Mr. Raghubinder Rai	NA	Non-Executive Independent Director	1	-	1
Mr. Subhash Chandra Bhargava	NA	Non-Executive Independent Director	5	1	15
Mr. Srinath Srinivasan***	NA	Non-Executive Independent Director	-	-	1

* Excludes private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

+ Committees considered are Audit Committee and Shareholders/Investors Grievance Committee, including that of A. K. Capital Services Limited.

$ Excludes Alternate Directorships but includes Additional Directorships and Directorship in A. K. Capital Services Limited.

** Director for part of the year. Mrs. Shyam Lata Garg resigned on 16 July 2007.

*** Director for part of the year. Mr. Srinath Srinivasan, Non Executive Independent Director, joined the Board as an Additional Director of the Company on 13 October, 2007. He is a Nominee Director representing FirstRand (Ireland) Public Limited Company. FirstRand (Ireland) Public Limited Company is an investor in A. K. Capital Services Limited.

Directors seeking appointment/re-appointment: Mr. Subhash C. Madan and Mr. Raghubinder Rai retire by rotation and, being eligible, have offered themselves for re-appointment. Mr. Srinath Srinivasan was appointed as an Additional Director of the Company and pursuant to the proviso of Section 260 of the Companies Act, 1956, holds office as an Additional Director up to the date of ensuing Annual General Meeting and being eligible offers himself for appointment as a Director.

Mr. Subhash C. Madan

Mr. Subhash C. Madan is Non Executive Independent Director of A. K. Capital Services Limited, appointed on 28 December 2005. He has done MA in Economics and holds Bachelor's Degree in Arts. He has extensive knowledge and experience in finance and has retired as Assistant General Manager from IFCI after 35 years of service.

Mr. Subhash C. Madan is Non Executive Independent Director of A. K. Capital Services Limited and of A. K. Stockmart Private Limited. He is the Chairman of Audit Committee of A. K. Capital Services Limited.

Mr. Raghubinder Rai

Mr. Raghubinder Rai is Non Executive Independent Director of A. K. Capital Services Limited, appointed on 20 February 2006. He has done LLB and holds Bachelor's Degree in Arts. He has extensive knowledge and experience in finance and has retired as General Manager from Indian Airlines, a Government of India enterprise, after 36 years of service.

Mr. Raghubinder Rai is Non Executive Independent Director of A. K. Capital Services Limited and Director of Sky Air Services Private Limited. He is the Member of Audit Committee of A. K. Capital Services Limited.

Mr. Srinath Srinivasan

Mr. Srinath Srinivasan is Non Executive Independent Director of A. K. Capital Services Limited. He was appointed as an Additional Director on 13 October 2007. He is MBA and BE in Telecommunication and Electronics. Mr. Srinivasan is an eminent personality with 18 years experience in field of financial industry and telecommunication industry. He was a merit scholarship recipient throughout. He is currently associated with FirstRand Bank, South Africa and is responsible for setting up their Private Equity and real estate investment business.

Mr. Srinath Srinivasan is Non Executive Independent Director of A. K. Capital Services Limited and Director of Rosewood Investment Advisors Private Limited.

Meetings: Six Board Meetings were held during the financial year ended 31 March 2008 on the following dates – 28 April 2007, 28 July 2007, 4 September 2007, 13 October 2007, 23 January 2008 and 12 March 2008. The attendance record of participating Directors at the aforesaid Board Meetings and the last Annual General Meeting are as follows:

Name of the Director	Number of Board meetings attended	Attendance at the last Annual General Meeting
Mrs. Anshu	5	Yes
Mr. A. K. Mittal	4	Yes
Mr. Deepak Mittal	6	Yes
Mrs. Shyam Lata Garg*	1	No
Mr. Subhash C. Madan	4	Yes
Mr. Raghubinder Rai	2	Yes
Mr. Subhash Chandra Bhargava	3	No
Mr. Srinath Srinivasan**	2	No

* Director for part of the year. Mrs. Shyam Lata Garg resigned on 16 July 2007.

**Director for part of the year. Mr. Srinath Srinivasan was appointed as Non Executive Independent Director on 13 October 2007.

3. CODE OF CONDUCT

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The said code has been posted on the Company's website www.akcapindia.com. The Members of the Board and the Senior Management Personnel are committed to keep updating this code to keep it relevant with the changing dynamics of the business and environment. The Code of Conductis strictly followed and a declaration, by the Managing Director, to this effect is annexed to this report as Annexure I.

4. AUDIT COMMITTEE

Composition: The Audit Committee comprises of two Independent Directors and one Executive Director. The Committee is chaired by an Independent Director. All the members of the Committee possess strong accounting and financial management knowledge. The composition of the Audit Committee is in accordance with the requirements under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Ms. Krupali Daru, Company Secretary, acts as Secretary to the Audit Committee.

Terms of Reference: The terms of reference of the Audit Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory Auditors and the Internal Auditors and meet them for discussions on their findings, suggestions and other related matters. The Committee is empowered to inter alia review the remuneration payable to the Statutory Auditors and to recommend the change in auditors, if felt necessary. It is also empowered to review financial statements and investments of unlisted subsidiary companies, management discussion and analysis report, material individual transactions with related parties not in normal

course of business or which are not on an arms length basis. Generally all items listed in Clause 49 II (D) of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II (C) of the Listing Agremment.

Meetings: Five Audit Committee meetings were held during the financial year ended 31 March 2008 on the following dates – 28 April 2007, 26 July 2007, 1 September 2007, 13 October 2007 and 22 January 2008. The constitution of Audit Committee and attendance record at the aforesaid Audit Committee meetings are as follows:

Name of the Director	Designation	Non-Executive/ Independent Director	Number of meetings attended
Mr. Subhash C. Madan	Chairman	Independent Director	5
Mr. A. K. Mittal	Member	Executive Director	2
Mr. Raghubinder Rai	Member	Independent Director	5

5. REMUNERATION COMMITTEE

Composition: The Remuneration Committee comprises of two Independent Directors and one Non Executive Director. Mr. Raghubinder Rai (Independent Director) is the Chairman of the Committee and Mr. Subhash C. Madan (Independent Director) and Mrs. Anshu (Non Executive Director) are members. Ms. Krupali Daru, Company Secretary, acts as Secretary to the Remuneration Committee.

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

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

Meetings: One meeting of the Remuneration Committee was held during the year ended 31 March 2008 on 3 September 2007 and all the members of the committee were present in the said meeting.

Remuneration to Non Executive Directors: During the financial year ended 31 March 2008, Non Executive Directors were paid a sitting fees of Rs.5,000 for every Board meeting attended. The sitting fees paid/payable to Non Executive Directors for the financial year ended 31 March 2008 along with their shareholding are as under:

Name of the Director	Sitting fees for the Board Meetings paid/payable for the year ended 31st March 2008 (Rupees)	Number of Equity Shares held as on 31 March, 2008	Number of Equity Share Warrants held as on 31 March, 2008
Mrs. Anshu	25,000	91,900	1,250,000
Mrs. Shyam Lata Garg*	5,000	26,000	-
Mr. Subhash C. Madan	25,000	-	-
Mr. Raghubinder Rai	10,000	-	-
Mr. Subhash Chandra Bhargava	20,000	-	-
Mr. Srinath Srinivasan**	15,000	-	-

*Director for part of the year. Mrs. Shyam Lata Garg resigned on 16 July 2007.

** Director for part of the year. Mr. Srinath Srinivasan was appointed as Non Executive Independent Director on 13 October 2007.

Remuneration to Executive Directors: Remuneration to Managing Director/Whole Time Director(s) is fixed by Remuneration Committee which is subsequently approved by the Board of Directors and Shareholders at a General Meeting.

Details of remuneration paid/payable to Managing Director/Whole Time Director(s) for the financial year ended 31 March 2008 are as follows:

(Amount in Rupees)

Name of the Director	Salary	Sitting Fees	Bonus	Perquisites and Allowances	Total
Mr. A. K. Mittal (Managing Director)	7,800,000	25,000	-	1,560,000	9,385,000
Mr. Deepak Mittal (Whole Time Director)	915,880	35,000	2,199,964	24,600	3,175,444

6. SHAREHOLDERS GRIEVANCE COMMITTEE

Composition: The Shareholders Grievance Committee comprises of one Non Executive Director and one Whole Time Director. Non Executive Director chairs the Committee. The composition of the Shareholders Grievance Committee is in accordance with the provisions of Clause 49 of the Listing Agreement.

Terms of Reference: The Shareholders Grievance Committee oversees the following functions:

- Monitor transfers, transmissions, splits and consolidation of shares of the Company
- Redressing complaints from shareholders relating to transfer of shares, non-receipt of dividends and other grievances
- Review the compliances with various statutory and regulatory requirements
- Monitor performance of the Registrar and Share Transfer Agents of the Company and recommends measures for overall improvement in the quality of the Investors services

Meetings: The Shareholders Grievance Committee met five times during the year ended 31 March 2008 on following dates – 28 April 2007, 15 May 2007, 25 July 2007, 30 November 2007 and 22 January 2008. The attendance at the Shareholders Grievance Committee meetings held on the aforesaid dates are as follows:

Name of the Director	Designation	Non-Executive/ Whole Time Director	Number of meetings attended
Mrs. Anshu	Chairperson	Non-Executive Director	5
Mr. Deepak Mittal	Member	Whole Time Director	5
Mrs. Shyam Lata Garg*	Member	Non-Executive Director	1

*Director for part of the year. Mrs. Shyam Lata Garg resigned on 16 July 2007.

During the year, the Company has received 9 complaints. All the complaints were redressed to the satisfaction of the shareholders. No complaints were pending unresolved as on 31 March 2008.

The name, designation and address of the Compliance Officer of the Company is as follows:
Name and Designation: Mr. Vikas S. Agarwal, CFO
Address: A. K. Capital Services Limited, 30-39, Free Press House, Nariman Point, Mumbai – 400021
Contacts: Tel: +91 22 66349300, Fax: +91 22 66360977, Email: vikas.agarwal@akgroup.co.in

7. SUBSIDIARY COMPANIES

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

During the FY 2007-2008, the Company has following wholly owned subsidiaries - A. K. Stockmart Private Limited and A. K. Capital Corporation Private Limited. None of the subsidiaries of the Company fall under the definition of "material non listed Indian subsidiary" as defined under Clause 49 of the Listing Agreement.

8. GENERAL MEETINGS

Details of last three General Meetings and the Special Resolutions passed therein are as follows:

General Meetings	Day, Date, Time and Location	Special Resolution passed
14th Annual General Meeting	Saturday, 29 September 2007, 9.00 a.m. Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi –110030	1. Alteration of Memorandum of Association and Articles of Association for increase in authorised capital 2. Preferential issue of Convertible Warrants 3. Preferential issue of Equity shares 4. Preferential issue of Convertible Cumulative Preference shares 5. Increase in remuneration of Mr. A. K. Mittal, Managing Director 6. Increase in remuneration of Mr. Deepak Mittal, Whole Time Director 7. Amendment of Articles of Association
13th Annual General Meeting	Saturday, 30 September 2006, 9.00 a.m. Mayfair Celebrations, 1, Qutub Minar Enclave, Restaurant Complex, Mehrauli, New Delhi - 110030	1. Authorisation to the Board to raise capital through ADR, GDR, Equity Issue, etc.
12th Annual General Meeting	Saturday, 3 September 2005, 9.15 a.m. Rangoli Garden, Village Chhawla, Bijwasan Road, New Delhi - 110071	1. Authorisation to the Board to raise capital through Equity Issue, etc. 2. Authorisation to the Board to raise capital through ADR, GDR, Preferential issue, etc. 3. Amendment of Clause III of Memorandum of Association 4. Alteration of Articles of Association for increase of authorised capital 5. Increase in remuneration of Mr. A. K. Mittal, Managing Director 6. Increase in remuneration of Mr. Deepak Mittal, Whole Time Director

None of the resolutions approved at the last Annual General Meeting required postal ballot approval. No resolution on matters requiring voting by postal ballot as per Section 192A of the Companies Act, 1956, is placed before the members at the ensuing Annual General Meeting.

9. DISCLOSURES

A. Disclosure of transactions with related parties: None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the discloser of transactions with the related parties set out in Notes to Accounts – Schedule "O", forming part of the Annual Report. All related party transactions are on arms length basis and are intended to further the interests of the Company.

A total of 2,750,000 Equity Share Warrants were allotted on preferential basis on 13 October 2007, to the promoter group, in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, pursuant to the approval of the shareholders in the 14th Annual General Meeting held on 29 September 2007. These Warrants are exercisable within a maximum period of 18 months from the date of allotment into an equal number of fully paid-up equity shares of the Company. Details of the aforesaid allotment of equity share warrants to the promoter group are as under:

Name of the allottee	Category	Number of Equity Share Warrants allotted
Mr. A. K. Mittal	Managing Director	1,020,000
Mrs. Anshu	Non Executive Director	1,250,000
Mr. Abhinav Kumar	Individual	480,000

B. Disclosure of Accounting Treatment in Preparation of Financial Statements: The Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006, in preparation of its financial statements.

C. Risk Management
The Company has a risk management framework in place. The Company has established procedures to periodically place before the Board, the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate these risks.

D. Proceeds from Preferential issue: During the financial year ended 31 March 2008, the Company has raised Rs.427.50 million, through preferential issue of Equity Shares, Convertible Cumulative Preference Shares and Equity Share Warrants. The Company has fully utilized the issue proceeds for the specified purposes mentioned in the notice of 14th Annual General Meeting.

E. Management Discussion and Analysis Report: Management Discussion and Analysis Report for the year under review, as required under Clause 49 of the Listing Agreement, is presented in a separate section forming part of the Annual Report.

F. CEO/CFO Certification: The certificate required under Clause 49 V of the Listing Agreement duly signed by the Managing Director and Chief Financial Officer of the Company has been given to the Board and the same is annexed to this report as Annexure II

G. Other Disclosers: The Company has duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement and all other laws applicable to the Company.

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

The Company follows a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees .

10. GENERAL SHAREHOLDER INFORMATION

1	Annual General Meeting (Day, Date, Time and Venue)	Saturday, 23 August 2008 at 9 a.m. Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110030
2	Financial Calendar (2008-2009)	Financial Year – 1 April 2008 to 31 March 2009 Results for the quarter ended 30/06/2008 – before 31/07/2008* 15th Annual General Meeting – 23 August 2008 Results for the quarter ended 30/09/2008 – before 31/10/2008* Results for the quarter ended 31/12/2008 – before 31/01/2009* Results for the quarter ended 31/03/2009 – before 30/04/2009* * the above dates are indicative.
3	Date of Book Closure	21 August 2008 to 23 August 2008 (both days inclusive)
4	Dividend Payment Date	On or after 23 August 2008
5	Listing of equity share on stock exchanges	Delhi Stock Exchange Association Limited The Bombay Stock Exchange Limited (The listing fees have been paid in full to all these Stock Exchanges)
6	Stock Code	Delhi Stock Exchange Association Limited - 1305 The Bombay Stock Exchange Limited – 530499
7	Demat ISIN numbers in NSDL and CDSL for equity shares	ISIN No. INE701G01012
8	Registrar and Share Transfer Agent (Correspondence address for all queries relating to the shares of the Company)	Abhipra Capital Limited Abhipra Complex, A –387, Dilkhush Industrial Area, G. T. Karnal Road, New Delhi –110033 Tel: +91 11 42390990, Fax: +91 11 42390911

9	Share transfer system	The Company's shares are compulsorily traded in dematerlised form. Transfers in physical form logged at the Registrar and Share Transfer Agent's office are processed within maximum period of 30 days, provided all the documents are submitted.
10	Dematerialization of shares	As on 31 March 2008, 82% of the paid-up Equity Share Capital of the Company was in dematerialized form.
11	Outstanding convertible instruments, conversion date and likely impact on equity	i) Preferential allotment of 800,000 6% Convertible Cumulative Preference Shares (CCPS) was made to FirstRand (Ireland) Public Limited Company on 13 October 2007 at an issue price of Rs.225 per share. Each CCPS will be exercisable into one Equity Share to be issued, in one or more trenches, within a period of 18 months from the date of allotment. On conversion of CCPS into Equity Shares, the paid-up Equity Share Capital of the Company will increase accordingly. ii) Preferential allotment of 3,000,000 Equity Share Warrants was made to the Promoter group and others on 13 October 2007. Each Equity Share Warrant will be exercisable into one Equity Share to be issued, in one or more trenches, at the price of Rs.225 per share within a period of 18 months from the date of allotment. Against these, application money of 10% of the exercisable price has been received. If the applicants opt for conversion of Equity Share Warrants into Equity Shares, the paid-up Equity Share Capital of the Company will increase accordingly.
12	Address for correspondence	Mr. Pawan Kumar Agarwal A. K. Capital Services Limited 609, Antriksh Bhawan, 6th floor, 22, Kasturba Gandhi Marg, New Delhi - 110001 Tel: +91 11 23739628 Fax: +91 11 23739627 Email: akdelhi@akgroup.co.in

11. DISTRIBUTION OF EQUITY SHAREHOLDING

Distribution schedule of equity shareholding of the Company as on 31 March 2008 is as follows:

Category			Number of Shareholders	Number of shares held	% of Total Shareholding
From		To			
1	-	2,500	526	33,743	0.58
2,501	-	5,000	157	58,732	1.01
5,001	-	10,000	52	40,503	0.70
10,001	-	20,000	30	45,240	0.78
20,001	-	30,000	19	47,886	0.83
30,001	-	40,000	13	43,690	0.75
40,001	-	50,000	19	90,650	1.56
50,001	-	100,000	13	98,529	1.70
100,001	-	above	54	5,341,027	92.09
Total			883	5,800,000	100.00

Equity Shareholding Pattern of the Company as on 31 March 2008 is as follows:

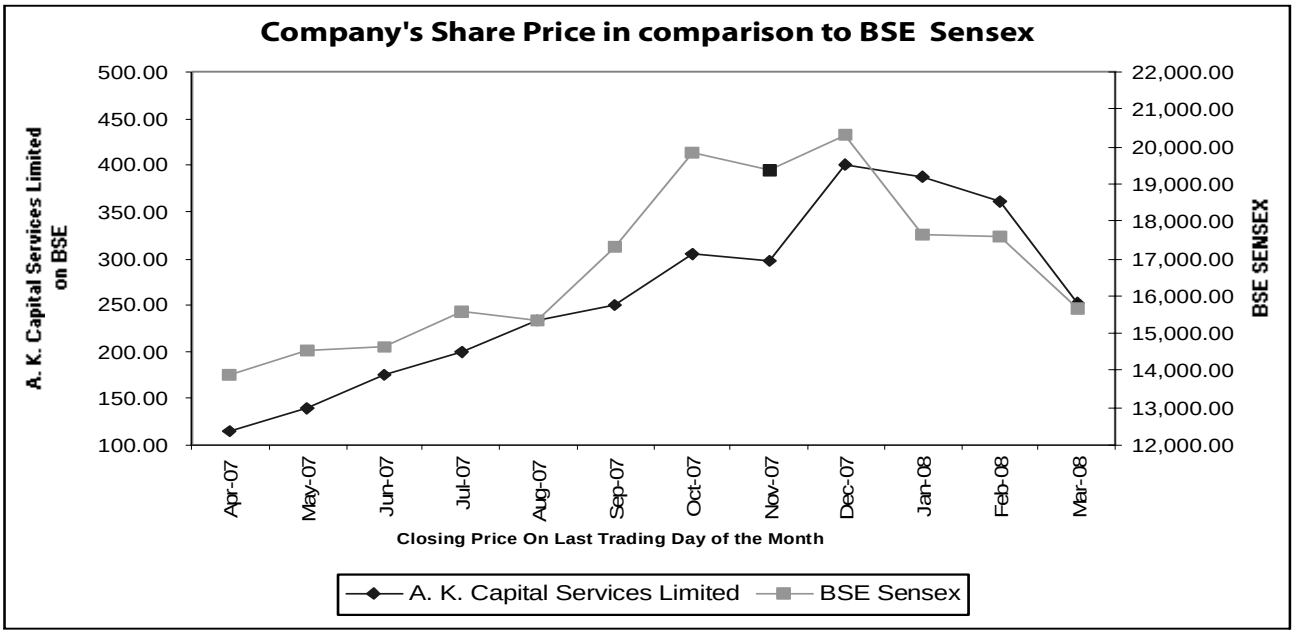
Category	Number of shares	% of Total Shareholding
Promoter and Promoter group		
Indian	3,283,599	56.61
Foreign	-	-
Sub total (A)	3,283,599	56.61
Public Shareholding		
FIIs	869	0.01
Foreign companies	800,000	13.79
Bodies corporate	610,592	10.54
Individual	1,104,940	19.05
Clearing member	-	-
Sub total (B)	2,516,401	43.39
Total Shareholding (A) + (B)	5,800,000	100.00

12. STOCK PRICE DATA

Stock Price Data of the Company for the FY 2007-2008 on The Bombay Stock Exchange Limited is as follows:

Month	High Price (Rupees)	Low Price (Rupees)
April-2007	132.00	103.45
May-2007	169.95	116.10
June-2007	179.00	130.70
July-2007	230.00	157.35
August-2007	257.00	171.00
September-2007	298.70	228.00
October-2007	350.00	216.00
November-2007	359.00	270.00
December-2007	445.00	270.00
January-2008	514.85	354.00
February-2008	437.00	340.00
March-2008	411.00	200.55

During the year under review, no trading in the shares of the Company has taken place at Delhi Stock Exchange Association Limited.



13. MEANS OF COMMUNICATION

The quarterly and yearly results are published in leading newspapers such as The Economic Times, Business Standard, Financial Express, Navbharat Times, Jansatta. The Company's results are displayed on the Company's website, www.akcapindia.com.

14. 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.

Mumbai, 25 July 2008

ANNEXURE I

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management, which is posted on the website of the Company. The Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31 March 2008.

A. K. Mittal
Managing Director

Mumbai, 25 July 2008

ANNEXURE II

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, A. K. Mittal, Managing Director, and Vikas S. Agarwal, CFO, of A. K. Capital Services Limited, to the best of our knowledge and belief, certify that:

a) We have reviewed financial statements and cash flow statement for the financial year ended 31 March 2008 and that to the best of our knowledge and belief:
   i. these statements do 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 our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which will violate the Company's Code of Conduct.

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

d) We 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 polices during the year under review and
   iii. no instances of any fraud in the Company in which the management has any role.

A. K. Mittal
Managing Director

Vikas S. Agarwal
CFO

Mumbai, 25 July 2008

ANNEXURE III

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE BY THE AUDITORS

To the Members
A. K. Capital Services Limited

We have examined the compliance of conditions of Corporate Governance by A. K. Capital Services Limited for the year ended on 31 March 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the management, we certify, that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership no. 102306

Mumbai, 25 July 2008

AUDITORS' REPORT

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

1. We have audited the attached balance sheet of A. K. Capital Services Limited as at 31 March 2008, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's report) Order, 2003 as amended by the Companies (Auditor's report) (Amendments) Order, 2004 (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as 'the Act') and on the basis of such checks, as were considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
   e) On the basis of written representations received from the directors of the Company as on 31 March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2008 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Act.
   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon in Schedule 'O' give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2008;
      ii. in the case of the profit and loss account, of the profit for the year ended on that date; and
      iii. in the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

Ramesh Gupta
PARTNER
Membership No.: 102306

Mumbai, 25 July 2008

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

1. In respect of its fixed assets:
   a) The Company has maintained records for its fixed assets and is in the process of updating the same to show full particulars including quantitative details and situation of its fixed assets.
   b) There is a regular programme for verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
   c) During the year, the Company has not disposed off substantial part of its fixed assets.

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

3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act:
   a) The Company has granted unsecured inter corporate deposits to a company. The maximum amount involved during the year was Rs. 614,500,000 and year end balance was Rs. Nil.
   b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted are prima facie, not prejudicial to the interest of the Company.
   c) In our opinion and according to information and explanations given to us, receipt of the principal amount is regular.
   d) There is no overdue amount of loan of more than Rs. One lac.
   e) The Company has taken unsecured loan from a company. The Maximum amount involved during the year was Rs. 386,304,512 and year end balance was Rs. Nil
   f) In our opinion and according to information and explanations given to us, in respect of such loans taken by the Company, the rate of interest and other terms and conditions are prima facie, not prejudicial to the interest of the Company.
   g) In respect of such loans taken by the Company, interest and the principal amounts are repayable on demand.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
   b) In our opinion, having regard to our comments in para 3 above and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rs. 500,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits in terms of Section 58A and 58AA or any other relevant provisions of the Act, during the year.

7. The Company has an internal audit system. In our opinion, internal audit system is required to be further strengthened as to its coverage and scope in order to be commensurate with the size and nature of its business.

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

9. a) According to the information and the explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. There were no arrears in this respect as at 31 March 2008 for a period of more than six months from the date they became payable.

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

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

11. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.

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

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

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

15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

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

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

18. During the year under audit, the Company has made preferential allotment of equity share warrants to parties covered in the register maintained under Section 301 of the Act, at price which is not prejudicial to the interest of the Company.

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

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

21. During the course of our examination of books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

Ramesh Gupta
PARTNER
Membership No.: 102306

Mumbai, 25 July 2008

A. K. Capital Services Limited

Balance Sheet as at 31 March 2008

	Schedule	Rupees	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SOURCES OF FUNDS				
Shareholders' funds				
Share capital	A	**238,000,000**		50,000,000
Equity share warrants		**67,500,000**		-
Reserves and surplus	B	**707,417,016**		297,005,470
			1,012,917,016	347,005,470
Loan funds				
Secured loans	C		**1,015,084,669**	10,004,012
Deferred tax liabilities(net)			**1,537,438**	1,939,007
TOTAL FUNDS EMPLOYED			**2,029,539,123**	358,948,489
APPLICATION OF FUNDS				
Fixed assets				
Gross block	D	**67,132,868**		63,601,051
Less : Depreciation		**19,589,256**		12,263,076
Net block		**47,543,612**		51,337,975
Capital work in progress		**11,161,112**		-
			58,704,724	51,337,975
Investments	E		**1,652,024,298**	75,535,689
Current assets, loans and advances				
Sundry debtors	F	**194,777,702**		94,346,514
Cash and bank balances	G	**22,354,462**		82,137,002
Loans and advances	H	**394,912,668**		161,697,529
		612,044,832		338,181,045
Less : Current liabilites and provisions	I			
Current liabilities		**46,186,821**		6,628,693
Provisions		**247,047,910**		99,477,527
		293,234,731		106,106,220
Net current assets			**318,810,101**	232,074,825
Miscellaneous expenditure (To the extent not written off or adjusted)	J		-	-
TOTAL FUNDS UTILISED			**2,029,539,123**	358,948,489
Significant accounting policies and notes to accounts	O			

Schedules referred to above form an Integral part of the financial statements

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : 25 July 2008

For and on behalf of the Board of Directors

Anshu
Chairperson

A. K. Mittal
Managing Director

Krupali Daru
Company Secretary

Place : Mumbai
Date : 25 July 2008

A. K. Capital Services Limited

Profit and Loss Account for the year ended 31 March 2008

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
INCOME				
Merchant banking fees			**681,433,577**	359,325,645
Investment income	K		**175,259,381**	104,128,781
Interest income			**5,755,143**	5,105,767
(tax deducted at source Rs. 1,289,615; previous year Rs. 1,112,901)				
Other income			**168,744**	101,945
			862,616,845	468,662,138
EXPENDITURE				
Personnel cost	L		**62,960,559**	43,772,055
Administrative, selling and other expenses	M		**379,884,308**	237,295,085
Interest expenses	N		**7,274,796**	5,135,091
Depreciation / amortisation			**7,746,064**	4,518,385
Miscellaneous expenditure written off			**-**	351,450
			457,865,727	291,072,066
PROFIT / (LOSS)				
Profit before tax			**404,751,118**	177,590,072
Less : Provision for taxation				
current tax		**132,500,000**		40,900,000
fringe benefit tax		**5,720,000**		2,107,000
deferred tax		**34,284**		(2,152,563)
wealth tax		**150,000**		88,274
			138,404,284	40,942,711
Profit after tax			**266,346,834**	136,647,361
Prior year expense - Gratuity			**-**	(2,072,517)
Prior year tax adjustments			**-**	(5,371,107)
Profit after tax and prior period items			**266,346,834**	129,203,737
Add : Balance brought forward from last year			**146,634,660**	67,158,548
Profit available for appropriation			**412,981,494**	196,362,285
APPROPRIATIONS				
Amount transferred to general reserve			**50,000,000**	15,000,000
Dividend paid				
2005 - 2006			**-**	12,500,000
Tax paid on dividend				
2005 - 2006			**-**	1,753,500
Dividend on convertible cumulative preference shares			**5,045,902**	-
Proposed dividend on equity shares			**20,300,000**	17,500,000
Tax on dividend			**4,307,536**	2,974,125
Surplus carried to balance sheet			**333,328,056**	146,634,660
			412,981,494	196,362,285
Basic earnings per share			**48.47**	27.33
Diluted earnings per share			**37.26**	27.33
Nominal value of equity shares			**10**	10
Significant accounting policies and notes to accounts	O			

Schedules referred to above form an integral part of the financial statements

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : 25 July 2008

For and on behalf of the Board of Directors

Anshu
Chairperson

A. K. Mittal
Managing Director

Krupali Daru
Company Secretary

Place : Mumbai
Date : 25 July 2008

A. K. Capital Services Limited

Cash Flow Statement for the year ended 31 March 2008

		Current Year Rupees	Previous Year Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	**404,751,118**	177,590,072
	Adjustments for		
	Depreciation	**7,746,064**	4,518,385
	Preliminary expenses written off	**-**	351,450
	Loss/(profit) on sale of fixed assets	**426,648**	(25,000)
	Interest income on short term investments	**(4,422,169)**	(4,618,352)
	Interest received-others	**(5,755,143)**	(5,105,767)
	Interest paid	**7,274,796**	5,135,091
	Profit on sale of current investments (net)	**(145,083,867)**	(39,247,606)
	Dividend income on short term investments	**(25,753,345)**	(60,262,823)
	Deposits / bad debts written-off	**1,753,425**	3,100,365
	Balances written back	**(112,200)**	(57,524)
	Operating profit before working capital adjustments	**240,825,327**	81,378,291
	Adjustments for		
	i) Trade and other receivables	**(111,334,991)**	(99,465,886)
	ii) Trade payable and other trade liabilities	**38,951,229**	(1,132,857)
	Cash generated from operations	**168,441,565**	(19,220,452)
	Direct taxes paid	**(93,676,312)**	(43,743,628)
	Net cash generated from / (used in) operating activities	**74,765,253**	(62,964,080)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets (including capital work in progress)	**(15,372,695)**	(31,559,578)
	Sale of fixed assets	**115,902**	25,000
	Purchase / sales of investments (net)	**(1,431,404,742)**	90,937,075
	Share application money received back	**-**	655,000
	Advance for investment in bonds	**(130,000,000)**	-
	Dividend income on short term investments	**25,753,345**	60,262,823
	Interest income on short term investments	**4,033,097**	4,618,352
	Net cash generated from / (used in) investing activities	**(1,546,875,093)**	124,938,672
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Issue of equity share capital	**8,000,000**	-
	Issue of preference share capital	**180,000,000**	-
	Issue of equity share warrants	**67,500,000**	-
	Securities premium received	**172,000,000**	-
	Proceeds from borrowings	**1,005,080,657**	4,635,076
	Interest received	**5,755,143**	5,105,767
	Interest paid	**(5,534,375)**	(5,135,091)
	Dividends paid	**(17,500,000)**	(12,500,000)
	Dividend distribution tax paid	**(2,974,125)**	(1,753,500)
	Net cash generated from / (used in) financing activities	**1,412,327,300**	(9,647,748)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(59,782,540)**	52,326,844
	Cash and cash equivalents at the beginning of the year	**82,137,002**	29,810,158
	Cash and cash equivalents at the end of the year	**22,354,462**	82,137,002

Significant accounting policies and notes to accounts are given in Schedule 'O'

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : 25 July 2008

For and on behalf of the Board of Directors

Anshu
Chairperson

A. K. Mittal
Managing Director

Krupali Daru
Company Secretary

Place : Mumbai
Date : 25 July 2008

A. K. Capital Services Limited

Schedules forming part of Balance Sheet as at 31 March 2008

	Rupees	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - A			
SHARE CAPITAL			
Authorised			
15,000,000 (previous year -12,000,000) Equity shares of Rs. 10 each		**150,000,000**	120,000,000
200,000 Redeemable cumulative preference shares of Rs. 100 each		**20,000,000**	20,000,000
800,000 (previous year-Nil) Convertible cumulative preference shares of Rs.225 each		**180,000,000**	-
		350,000,000	140,000,000
Issued, subscribed and paid up			
5,800,000 (previous year -5,000,000) Equity shares of Rs. 10 each fully paid up		**58,000,000**	50,000,000
800,000 (previous year -Nil) 6% Convertible cumulative preference shares of Rs. 225 each fully paid up		**180,000,000**	-
		238,000,000	50,000,000

1. Pursuant to provisions of the Share Subscription and Shareholders' Agreement dated 11 September 2007, the Company has allotted on 13 October 2007, 800,000 new equity shares of Rs.10 each as fully paid up for cash at a premium of Rs.215 per equity share issued to FirstRand (Ireland) Public Limited Company, a company incorporated under the laws of Ireland.
2. The Company has alloted on 13 October 2007, 800,000 6% Convertible cumulative preference shares (CCPS) of Rs.225 each for cash to FirstRand (Ireland) Public Limited Company. Each CCPS is convertible into 1 (one) equity share of Rs. 10 each at a premium of Rs.215 per equity share within a period of 18 months from the date of allotment.
3. The Company has alloted on 13 October 2007, 3,000,000 equity share warrants at Rs.225 each to the promoter group and others. An amount equivalent to 10% of the subscription amount has been received as application money. Each equity share warrant is convertible into 1 (one) equity share of Rs. 10 each at a premium of Rs.215 per equity share within a period of 18 months from the date of allotment. The balance amount is payable at the time of conversion of equity share warrants.

SCHEDULE - B			
RESERVES AND SURPLUS			
General Reserve			
As per last balance sheet	150,370,810		135,005,000
Transferred from reserve fund	-		365,810
Transferred from profit and loss account	50,000,000		15,000,000
Adjustments in accordance with transitional provision in Accounting Standard - 15'Employee Benefits' (Revised 2005) for earlier years upto 31 March 2007 net of deferred tax Rs. 435,853	1,718,150		-
		202,088,960	150,370,810
Securities premium			
As per last balance sheet	-		-
Received during the year	172,000,000		-
		172,000,000	-
Reserve Fund			
As per last balance sheet	-		365,810
Transferred to general reserve	-		(365,810)
		-	-
Surplus as per profit and loss account		**333,328,056**	146,634,660
		707,417,016	297,005,470

A. K. Capital Services Limited

Schedules forming part of Balance Sheet as at 31 March 2008

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - C		
SECURED LOANS		
Bank overdraft (Refer note B-1 of Schedule 'O')	**1,009,241,260**	-
Vehicle loans from a bank (Secured against hypothecation of vehicles) (Repayable within one year Rs. 4,815,977; previous year Rs. 4,160,603)	**5,843,409**	10,004,012
	1,015,084,669	10,004,012

SCHEDULE - D

FIXED ASSETS

(Amount in Rupees)

ASSETS DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2007	Additions during the year	Sales / Adjust-ment	As at 31/03/2008	Upto 31/03/2007	For the year	Sales / adjustments	As at 31/03/2008	As at 31/03/2008	As at 31/03/2007
Leasehold improvements	7,366,906	870,152	-	**8,237,058**	1,288,695	3,127,545	-	**4,416,240**	**3,820,818**	6,078,211
Office building	11,016,284	-	-	**11,016,284**	1,720,584	179,512	-	**1,900,096**	**9,116,188**	9,295,700
Machinery	369,060	-	-	**369,060**	208,879	17,530	-	**226,409**	**142,651**	160,181
Computer	8,119,057	955,120	-	**9,074,177**	5,429,344	1,447,945	-	**6,877,289**	**2,196,888**	2,689,713
Office equipment	7,618,409	2,237,162	15,902	**9,839,669**	827,218	491,623	257	**1,318,584**	**8,521,085**	6,791,191
Furniture and fixtures	8,895,797	431,817	-	**9,327,614**	413,056	591,407	-	**1,004,463**	**8,323,151**	8,482,741
Vehicles (Refer note below)	20,215,538	-	946,532	**19,269,006**	2,375,300	1,890,502	419,627	**3,846,175**	**15,422,831**	17,840,238
	63,601,051	4,494,251	962,434	**67,132,868**	12,263,076	7,746,064	419,884	**19,589,256**	**47,543,612**	51,337,975
Previous Year	31,820,635	31,927,456	147,040	63,601,051	7,891,731	4,518,385	147,040	12,263,076	51,337,975	
Capital work in progress									**11,161,112**	**-**

Note:
Secured against hypothecation of vehicles (gross block Rs. 15,129,959; previous year Rs. 17,020,530 and accumulated depreciation Rs.1,437,346; previous year Rs. 1,576,588).

A. K. Capital Services Limited

Schedules forming part of Balance Sheet as at 31 March 2008

SCHEDULE - E

INVESTMENTS

	Face Value Rupees	As at 31/03/2008 Numbers	As at 31/03/2008 Rupees	As at 31/03/2007 Numbers	As at 31/03/2007 Rupees
Non trade, quoted (fully paid up) - Current					
Equity shares of Blue Bird (I) Limited	10	-	-	8,200	507,990
Equity shares of Jindal South West Holdings Limited	10	-	-	125	27,875
Equity shares of Flex Industries Limited	10	-	-	245	11,803
Equity shares of IEC Software Limited	10	-	-	1,356	5,627
Equity shares of Bell Ceramics Limited	10	-	-	3,000	34,110
Equity shares of Kajaria Ceramics Limited	2	-	-	440	13,706
Equity shares of Precision Electronics Limited	10	-	-	115	483
Equity shares of Shamken Spinners Limited	10	**9,000**	**22,770**	9,000	13,320
Bonds of 9.10% Punjab & Sindh Bank*	1,000,000	****442**	**442,123,730**	-	-
Bonds of 9.15% Andhra Bank*	1,000,000	**100**	**98,250,000**	-	-
Bonds of 9.20% Bank of Maharashtra*	1,000,000	****50**	**49,162,500**	-	-
Bonds of 9.20% PNB Housing 2019*	1,000,000	****117**	**117,058,500**	-	-
Bonds of 9.20% PNB Housing 2020*	1,000,000	**5**	**5,005,000**	-	-
Bonds of 9.20% PNB Housing 2021*	1,000,000	**90**	**90,090,000**	-	-
Bonds of 9.35% UCO Bank*	1,000,000	**39**	**39,015,600**	-	-
Bonds of 9.30% State Bank of Patiala*	1,000,000	**1**	**1,000,000**	-	-
Bonds of 9.78% State Bank of Bikaner and Jaipur*	1,000,000	****156**	**159,608,000**	-	-
Bonds of 9.30% WBIDFC*	1,000,000	****2**	**2,016,000**	-	-
Bonds of 9.35% Punjab National Bank*	1,000,000	****1**	**996,000**	-	-
Bonds of 9.95% Dewan Housing Finance Limited*	1,000,000	****5**	**50,000,000**	-	-
Bonds of 9.95% State Bank of Hyderabad*	1,000,000	****500**	**500,000,000**	-	-
Bonds of 13.50% Maharashtra Jivan Pradhikaran*	50,000	**2**	**100,000**	-	-
			1,554,448,100		614,914
Trade, unquoted - subsidiaries - long term					
Equity shares of A. K. Stockmart Private Limited	10	**7,000,000**	**70,000,000**	5,000,000	50,000,000
Equity shares of A. K. Capital Corporation Pvt. Ltd.	10	**2,100,000**	**21,000,000**	2,100,000	21,000,000
			91,000,000		71,000,000
Trade, unquoted - others - long term					
Equity shares of Intelligroup Advisors Private Limited***	10	**4,600**	**46,000**	19,600	196,000
Equity shares of A. K. Capital Retail Private Limited***	10	**1,000**	**10,000**	4,000	40,000
Equity shares of A. K. Commodities Private Limited***	10	**3,000**	**30,000**	8,000	80,000
Equity shares of A. M. Care Limited	10	**100**	**1,000**	100	1,000
Equity shares of A. K. Wealth Management Pvt. Ltd.***	10	**8,000**	**80,000**	20,000	200,000
Equity shares of Sunrise Corporate Services Limited	10	**100,000**	**1,000,000**	100,000	1,000,000
			1,167,000		1,517,000
Others					
Gold coins and ornaments			**5,409,198**		2,403,775
(Refer Note No. B -17 of Schedule - 'O')					
			1,652,024,298		75,535,689
Aggregate value of quoted investments			**1,554,448,100**		614,914
Aggregate value of unquoted investments			**92,167,000**		72,517,000
Market value of quoted investments			**1,554,448,100**		662,692

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

** Refer note B -1 of Schedule 'O'

*** In previous year, associate company

A. K. Capital Services Limited

Schedules forming part of Balance Sheet as at 31 March 2008

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period over six months	**7,290,810**	4,670,991
Others	**187,486,892**	89,675,523
	194,777,702	94,346,514
SCHEDULE - G		
CASH AND BANK BALANCES		
Cash on hand	**1,972,479**	2,346,274
Balances with scheduled banks:		
- in current accounts	**19,850,186**	79,119,668
- in unpaid dividend accounts	**531,797**	671,060
	22,354,462	82,137,002
SCHEDULE - H		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind for value to be received	**5,043,354**	1,688,227
Deposits	**96,267,322**	90,083,622
Advance for investment in bonds (subsequently allotted)*	**130,000,000**	-
Advance tax and tax deducted at source	**163,601,992**	69,925,680
(including fringe benefit tax paid Rs. 8,964,960; previous year Rs.3,653,389)	**394,912,668**	161,697,529
*Refer note B-1 of Schedule 'O'		
SCHEDULE - I		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry creditors		
(a) total outstanding dues of micro and small enterprises (Refer note B - 13 of Schedule 'O')	**-**	-
(b) total outstanding dues of creditors other than micro, and small enterprises	**9,319,054**	4,482,195
Other liabilities	**34,595,576**	1,475,438
Interest accrued but not due on loan	**1,740,421**	-
Investor Education and Protection Fund shall be credited by following amount (as and when due):	**-**	-
Unpaid dividend**	**531,770**	671,060
	46,186,821	6,628,693
Provisions		
Provision for income tax	**204,139,387**	71,639,387
Provision for wealth tax	**259,086**	109,086
Provision for fringe benefit tax	**9,980,389**	4,260,389
Provision for retirement benefits	**3,015,610**	2,994,540
Provision for dividend on convertible cumulative preference shares	**5,045,902**	-
Provision for proposed dividend	**20,300,000**	17,500,000
Provision for tax on dividend	**4,307,536**	2,974,125
	247,047,910	99,477,527
	293,234,731	106,106,220
SCHEDULE - J		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary expenses	**-**	351,450
Less : Written off during the year	**-**	351,450
	-	-

** There are no dues which need to be credited in to Investor Education and Protection Fund under section 205 C of the Companies Act, 1956 as of 31 March 2008.

A. K. Capital Services Limited

Schedules forming part of Profit & Loss Account for the year ended 31 March 2008

	Current Year Rupees	Previous Year Rupees
SCHEDULE - K		
INVESTMENT INCOME		
Profit on sale of current investments (net)	**145,083,867**	39,247,606
Interest income on short term investments	**4,422,169**	4,618,352
(tax deducted at source Rs. 334,815; previous year Rs. 869,550)		
Dividend income on short term investments	**25,753,345**	60,262,823
	175,259,381	104,128,781
SCHEDULE - L		
PERSONNEL COST		
Salaries, bonus and allowances	**57,785,196**	43,278,255
Contribution to provident and other funds	**43,860**	45,228
Staff welfare expenses	**5,131,503**	448,572
	62,960,559	43,772,055
SCHEDULE - M		
ADMINISTRATIVE AND OTHER EXPENSES		
Travelling and conveyance expenses	**11,963,466**	10,646,873
Rent expenses	**51,892,139**	40,925,113
Rates and taxes	**3,077,932**	1,834,588
Electricity expenses	**3,384,844**	2,443,391
Auditors' remuneration	**214,628**	163,880
Communication charges	**3,212,581**	3,384,318
Books and subscription expenses	**834,421**	854,801
Printing and stationary expenses	**4,388,630**	2,744,223
Conference and AGM expenses	**1,587,324**	71,232
Legal and professional expenses	**15,551,309**	14,815,243
Bank charges	**259,547**	320,468
Securities transaction tax	**2,031,569**	369,623
Repairs and maintenance - Building	**2,129,880**	353,917
- Others	**3,809,136**	5,384,247
Loss on sale of fixed assets (net)	**426,648**	-
Service tax	**30,085,026**	32,562,778
Directors sitting fees	**160,000**	155,000
Debtors / bad debts written off	**1,753,425**	3,100,365
Donation	**10,700**	50,000
Software expenses	**224,184**	143,313
Advertisement expenses	**15,972,470**	9,004,134
Business promotion expenses	**28,739,769**	14,582,789
Brokerage paid	**695,230**	14,948,777
Incentive expenses	**10,980,697**	5,689,336
Sub arranger fees	**185,489,030**	72,142,282
Miscellaneous expenses	**1,009,723**	604,394
	379,884,308	237,295,085
SCHEDULE - N		
INTEREST EXPENSES		
On term loan	**664,278**	402,329
On others	**6,610,518**	4,732,762
	7,274,796	5,135,091

SCHEDULE - 'O'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant accounting policies:

1) **Basis of preparation of financial statements:**

The financial statements have been prepared in compliance with all material aspects of the Accounting Standards presented in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government, to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956.

The Company follow mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.

The financial statements have been prepared under the historical cost convention, in accordance with the applicable accounting standards and on the basis of a going concern.

2) **Use of estimates:**

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

3) **Fixed assets:**

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

4) **Depreciation:**

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

Leasehold improvements have been amortised over the lease period.

5) **Investments:**

i) Long-term investments are valued at cost after deducting provision, if any, made for permanent diminution in the values. Premium paid/ discount received on purchase or acquisition of an investment, is adjusted in the year of sale / redemption of that investment.

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

6) **Revenue recognition:**

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

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

7) **Foreign currency transactions:**

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

8) **Retirement benefits:**

i) Defined contribution plans
The Company contributes on a defined contribution basis to Employee's Provident Fund, towards post employment benefits, which is administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

ii) Defined benefit plans

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

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

iii) Employee leave entitlement

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

9) **Accounting for taxes on income**:

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

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

iii) Fringe benefit tax is provided as per the provisions of Income Tax Act, 1961 on chargeable expenses incurred during the year.

10) **Lease:**

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

11) **Borrowing costs:**

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

12) **Impairment of assets:**

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

13) **Provisions and contingent liabilities:**

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

B. Notes to accounts:

1) As on 31/03/2008, following debt securities were pledged with a bank for the bank overdraft facility:

Sr. No.	Particulars	Quantity	Average Value (Rupees)
1.	9.20% Bank of Maharashtra	35	34,413,750
2.	9.20% PNB Housing Finance 2019	117	117,058,500
3.	9.10% Punjab and Sind Bank	320	320,089,578
4.	9.35% Punjab National Bank	1	996,000
5.	9.78% State Bank of Bikaner & Jaipur	6	6,138,769
6.	9.30% WBIDFC	2	2,016,000
7.	9.95% Dewan Housing Finance Limited**	50	50,000,000
8.	9.95% State Bank of Hyderabad**	500	500,000,000
9.	9.45% REC *	130	130,000,000
	Total		1,160,712,597

* Refer Schedule "H" – "Loans and advances"

** Allotted before the year end but transferred in the demat account of the Company subsequent to the balance sheet date.

2) During the year company has purchased and redeemed 11,542,348 units (previous year 11,078,468 units) aggregating to Rs. 200,000,000 (previous year Rs. 190,000,000) of various schemes of mutual funds. Also 4,208,729 shares (previous year Nil) aggregating to Rs. 731,931,089 (previous year Nil) and 41,956 bonds (previous year 11,313 bonds) aggregating to Rs. 26,239,231,474 (previous year Rs. 9,741,632,910) were purchased and sold during the year.

3) **Leases**

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

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

Particulars	**As at 31/03/2008 (Rupees)**	**As at 31/03/2007 (Rupees)**
Not later than one year;	3,041,000	—

The amount of minimum lease payments with respect to the above lease recognised in the profit and loss account for the year is Rs. 6,082,000 (previous year Rs. Nil).

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

4) **Related party disclosure:**

i) **Related parties and their relationships:**

Wholly owned subsidiary	A. K. Stockmart Private Limited A. K. Capital Corporation Private Limited
Enterprise on which key management personnel or their relatives have significant influence	A. K. Capital Markets Limited A. K. Services Private Limited Second Leasing Private Limited A. K. Wealth Management Private Limited (w.e.f. 01/04/2007) A. K. Capital Retail Private Limited(w.e.f. 01/04/2007) A. K. Commodities Private Limited(w.e.f. 01/04/2007) Intelligroup Advisors Private Limited(w.e.f. 01/04/2007)
Key management personnel	Mr. A. K. Mittal Mr. Deepak Mittal
Relative of key management personnel	Mrs. Anshu Mr. Abhinav Kumar Ms. Aditi Mittal

Notes:

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

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

c) Previous year figures in para (ii) and (iii) below has been furnished based on the audited financial statements for the year ended 31 March 2007.

d) Following companies are ceased to be associate w.e.f. 01/04/2007;

(1) A. K. Wealth Management Private Limited
(2) A. K. Capital Retail Private Limited
(3) A. K. Commodities Private Limited
(4) Intelligroup Advisors Private Limited

ii) Transactions with related parties: (Amount in Rupees)

Particulars	Related parties					Total
	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprise on which key management personnel or their relatives have significant influence	Associates	
Investments in share capital	20,000,000 (60,100,000)	- (-)	- (-)	- (-)	- (120,000)	20,000,000 (60,220,000)
Inter Corporate Deposits taken and repaid	- (60,700,000)	- (-)	- (-)	- (7,555,000)	- (450,000)	- (68,705,000)
Inter Corporate Deposits given and received back	- (-)	- (-)	- (-)	7,545,765,460 (2,594,066,656)	- (-)	7,545,765,460 (2,549,066,656)
Loans taken and repaid	- (-)	- (1,700,000)	- (3,800,000)	- (-)	- (-)	- (5,500,000)
Interest paid	- (81,240)	- (-)	- (-)	- (-)	- (-)	- (81,240)
Interest received	- (-)	- (-)	- (-)	5,691,150 (4,959,453)	- (-)	5,691,150 (4,959,453)
Remuneration paid	- (-)	11,055,444 (6,814,880)	- (-)	- (-)	- (-)	11,055,444 (6,814,880)
Deposits given	- (-)	- (10,000,000)	1,975,000 (15,250,000)	- (-)	- (-)	1,975,000 (25,250,000)
Deposits repaid	- (-)	- (-)	- (975,000)	- (-)	- (-)	- (975,000)
Brokerage Paid	1,549,328 (-)	- (-)	- (-)	- (-)	- `(-)	1,549,328 (-)
Brokerage received	- (-)	- (-)	- (-)	112,000 (22,500,000)	- -	112,000 (22,500,000)
Purchase of securities	- (-)	- (-)	- (-)	9,263,737,375 (1,359,806,597)	- (-)	9,263,737,375 (1,359,806,597)
Sales of Securities	- (-)	- (-)	- (-)	3,062,665,170 (2,450,778,400)	- (-)	3,062,665,170 (2,450,778,400)
Rent paid	- (-)	3,454,500 (1,550,000)	8,031,770 (4,028,200)	- (-)	- (-)	11,486,270 (5,578,200)
Sale of investment	- (-)	- (-)	- (-)	350,000 (-)	- (-)	350,000 (-)
Balance receivable as at year end	- (-)	11,450,000 (11,450,000)	19,412,000 (17,437,000)	350,000 (7,500,000)	- (-)	31,212,000 (36,387,000)
Investment in share capital as at year end	91,000,000 (71,000,000)	- (-)	- (-)	166,000 (-)	- (516,000)	91,166,000 (71,516,000)
Subscription to equity share warrants	- (-)	22,950,000 (-)	38,925,000 (-)	- (-)	- (-)	61,875,000 (-)

iii) **Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:**

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Investments in share capital		
A. K. Stockmart Private Limited	**20,000,000**	39,100,000
A. K. Capital Corporation Private Limited	**--**	21,000,000
Inter corporate deposits taken and repaid		
A. K. Stockmart Private Limited	**-**	39,800,000
A. K. Capital Corporation Private Limited	**-**	20,900,000
Inter corporate deposits given and received back		
A. K. Services Private Limited	**7,545,765,460**	2,594,066,656
Loans taken and repaid		
A. K. Mittal	**-**	1,700,000
Anshu	**-**	2,000,000
Abhinav Kumar	**-**	1,300,000
Interest paid		
A. K. Stockmart Private Limited	**-**	81,240
Interest received		
A. K. Services Private Limited	**5,691,150**	4,959,453
Remuneration paid		
A. K. Mittal	**7,860,000**	6,000,000
Deepak Mittal	**3,195,444**	814,880
Deposits given		
A. K. Mittal	**-**	10,000,000
Anshu	**1,000,000**	5,000,000
Abhinav Kumar	**975,000**	10,250,000
Deposits repaid		
Abhinav Kumar	**-**	975,000
Brokerage paid		
A. K. Stockmart Private Limited	**1,549,328**	-
Brokerage received		
A. K. Capital Markets Limited	**112,000**	22,500,000
Purchase of securities		
A. K. Services Private Limited	**9,168,563,675**	1,357,832,550
Sales of securities		
A. K. Services Private Limited	**3,026,635,861**	2,450,778,400
Rent paid		
A. K. Mittal	**3,454,500**	1,550,000
Anshu	**2,692,700**	1,050,000
Abhinav Kumar	**5,339,070**	2,978,200
Sales of investment		
A. K. Services Private Limited	**350,000**	-
Balances receivable as at year end		
A. K. Mittal	**11,450,000**	11,450,000
Anshu	**7,450,000**	6,450,000
Abhinav Kumar	**11,962,000**	10,987,000
A. K. Capital Markets Limited	**-**	7,500,000
Investment in share capital as at year end		
A. K. Stockmart Private Limited	**70,000,000**	50,000,000
A. K. Capital Corporation Private Limited	**21,000,000**	21,000,000
Subscription to equity share warrants		
A. K. Mittal	**22,950,000**	-
Anshu	**28,125,000**	-
Abhinav Kumar	**10,800,000**	-

5) **Disclosure under (AS) – 15 (Revised 2005):**

In the current year, the Company has adopted Accounting Standard (AS) - 15 (Revised) "Employee Benefits" which is mandatory from accounting periods commencing on or after 7 December 2006. Accordingly, the Company has provided gratuity liability based on actuarial valuation done as per Projected Unit Credit Method.

i) Retirement benefits in the form of Provident Fund are defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

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

The Company has classified the various benefits provided to employees as under:

I. **Defined Contribution Plans:**

Defined contribution plan consists of Employers' Contribution to Provident Fund of Rs.43,860 recognized as expense for the year.

II. **Defined Benefit Plan:**

Gratuity Fund

The Company makes provision for Employees' Gratuity for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation / termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the unfunded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31 March 2008.

	Particulars	Gratuity (Unfunded)
a)	**Change in present value of obligation**	
	Present value of obligation as at 1 April 2007	1,531,343
	Interest cost	122,507
	Service cost	606,819
	Benefits paid	—
	Actuarial (gain)/loss on obligation	551,900
	Present value of obligation as at 31 March 2008	2,812,569
b)	**Change in fair value plan assets**	
	Fair value of plan assets as at 1 April 2007	—
	Expected return on plan assets	—
	Contributions	—
	Benefits paid (estimated upto 31/03/2008)	—
	Actuarial gain/(loss) on plan assets	—
	Fair value of plan assets as at 31 March 2008	—
c)	**Amount recognized in the Balance Sheet**	
	Present value of obligation, as at 31 March 2008	2,812,569
	Fair value of plan assets as at 31 March 2008	—
	Assets / (Liabilities) recognized in the Balance Sheet	
	(shown as provisions in Schedule I - Current liabilities and provisions)	2,812,569
d)	**Expense recognized during the year**	
	Current service cost	606,819
	Interest cost	122,507
	Expected return on plan assets	—
	Net Actuarial (gain)/loss to be recognized	551,900
	Net periodic cost	1,281,226
e)	**Assumptions used in accounting for the gratuity plan**	**% (p.a.)**
	Mortality rate	LIC (1994-96)
	Discount rate	8.00
	Salary escalation rate	5.00
	Expected rate of return on plan assets	—

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

Since this is the first year of (AS) -15 (Revised 2005) being applicable, previous year's figures have not been provided.

6) As per Accounting Standard (AS)-22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax liability (net) pertaining to timing difference arising for the period upto 31 March 2008 of Rs.1,537,438 (upto 31 March 2007 Rs. 1,939,007) have been determined.

Major components of deferred tax assets and liabilities as at year-end are as under:

Particulars	As at 31/03/2008 (Rupees)	As at 31/03/2007 (Rupees)
Deferred tax liability on account of:		
Depreciation	**2,493,430**	2,998,711
Total (A)	**2,493,430**	2,998,711
Deferred tax assets:		
Gratuity	**955,992**	956,356
Disallowance under Section 40 a (ia)	**-**	103,348
Total (B)	**955,992**	1,059,704
Deferred tax liability (net) (A-B)	**1,537,438**	1,939,007

7) **Segment information**:
The Company has single reporting segment i.e. "Providing Merchant Banking Services" for the purpose of Accounting Standard (AS) - 17 'Segment Reporting'. The Company does not have any reportable geographical segment.

8) **Earnings per share (EPS)**:

	Particulars	Current Year	Previous Year
(i)	Net profit after tax (Rs.)	**266,346,834**	136,647,361
(ii)	Less: Preference share dividend including tax on dividend (Rs.)	**5,903,453**	—
(iii)	Net profit after tax available for equity share holder (Rs.)	**260,443,381**	136,647,361
(iv)	Weighted average number of equity shares outstanding at the year end (No.)	**5,373,770**	5,000,000
(v)	Basic earnings per share (Rs.)	**48.47**	27.33
(vi)	Weighted average number of equity shares to be issued against convertible cumulative preference shares and convertible equity share warrants	**1,775,409**	—
(vii)	Weighted average number of diluted equity shares (No.)	**7,149,179**	—
(viii)	Diluted earnings per share (Rs.)	**37.26**	—
(ix)	Nominal value of share (Rs.)	**10**	10

9) There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) – 28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India.

10) (a) The profit and loss account includes remuneration to Directors as follows:

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Salaries, bonus and allowances	**11,055,444**	6,814,880
Perquisites	**1,560,000**	1,200,000
Total	**12,615,444**	8,014,880

Notes:

i) The perquisites for which monetary value is not determinable are considered as per Income Tax Rules.

ii) As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertainable and therefore not included above.

(b) No commission is payable to Directors / Managing Director and hence, computation of Net Profit in accordance with Section 198, 309 and 349 of the Companies Act, 1956 has not been given.

11) Deposits include amount aggregating to Rs. 18,900,000 (previous year Rs. 17,900,000) given to directors of the Company as security deposit towards premises taken on rent. Maximum balance outstanding during the year Rs. 18,900,000 (previous year Rs.17,900,000).

12) **Auditor's remuneration**:

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Audit fees	**92,000**	92,000
Tax audit fees	**24,000**	24,000
Taxation matters	**55,000**	—
Certification fees	**43,628**	30,000
Total	**214,628**	146,000

13) The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. As the Company has not received any intimation from its suppliers as on date regarding their status under the above said Act, no disclosure has been made.

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

15) Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

16) **Expenditure in foreign currency (on actual payment basis)**:

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Travelling expenses	**315,212**	153,673

17) The Company has purchased gold coins and ornaments during the year. In view of numerous numbers of gold coins having different weight and values, the quantitative information has not been furnished.

18) Previous year figures have been regrouped or rearranged, wherever considered necessary, to confirm with the current year presentation.

Signatures to schedules 'A' to 'O'

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : 25 July 2008

For and on behalf of the Board of Directors

Anshu
Chairperson

A. K. Mittal
Managing Director

Krupali Daru
Company Secretary

Place : Mumbai
Date : 25 July 2008

A. K. Capital Services Limited

INFORMATION PURSUANT TO THE PROVISION OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract And Company's General Business Profile

I.	**Registration details**		
	Registration No.	:	U74899DL1993PLC055524
	Balance Sheet Date	:	31 March 2008
	State Code	:	55
II.	**Capital raised during the year**	**:**	**(Amount in Rs. Thousands)**
	Public issue (Net of allotment money in arrears)	:	Nil
	Rights issue	:	Nil
	Bonus issue	:	Nil
	Private placement (including securities premium)	:	427,500
III.	**Position of mobilisation and deployment of funds**	**:**	**(Amount in Rs. Thousands)**
	Total liabilities	:	2,322,774
	Total assets	:	2,322,774
	Sources of funds		
	Paid-up capital	:	238,000
	Equity share warrants	:	67,500
	Reserves and surplus	:	707,417
	Secured loans	:	1,015,085
	Unsecured loans	:	Nil
	Deferred tax liability(net)	:	1,537
	Application of funds		
	Net fixed assets (including capital work-in-progress)	:	58,705
	Investments	:	1,652,024
	Net current assets	:	318,810
	Miscellaneous expenditure	:	Nil
	Accumulated losses	:	Nil
IV.	**Performance of Company**	:	**(Amount in Rs. Thousands)**
	Turnover / Income	:	862,617
	Total expenditure	:	457,866
	Profit before tax	:	404,751
	Profit after tax	:	266,347
	Basic earnings per share (in Rs.)	:	48.47
	(Face value Rs. 10 per share)		
	Diluted earnings per share (in Rs.)	:	37.26
	(Face value Rs. 10 per share)		
	Dividend rate (%)	:	35
V.	**Generic Names of Three Principal Products / Services of the Company**	:	(As per monetary terms)
	Item code no. (ITC Code)	:	Not Applicable
	Service description	:	Providing merchant banking services

AUDITORS' REPORT

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

1. We have audited the attached consolidated balance sheet of A. K. Capital Services Limited and its subsidiaries (the 'Group') as at 31 March 2008, the consolidated profit and loss account and also the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

3. We did not audit the financial statements of the subsidiary companies, namely, A. K. Stockmart Private Limited and A. K. Capital Corporation Private Limited, whose financial statements reflect total assets of Rs.115,663,249 as at 31 March 2008, total revenue of Rs. 21,848,781 and net cash inflows amounting to Rs. 18,413,531 for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries, is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the A. K. Capital Services Limited's management in accordance with the requirements of Accounting Standard (AS) -21, 'Consolidated Financial Statements' issued by the Institute of the Chartered Accountants of India.

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

   a) in the case of the consolidated balance sheet, of the state of affairs of the A. K. Capital Services Limited Group as at 31 March 2008;

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

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

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership No. 102306

Mumbai, 25 July 2008

A. K. Capital Services Limited

Consolidated Balance Sheet as at 31 March 2008

	Schedule	Rupees	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SOURCES OF FUNDS				
Shareholders' funds				
Share capital	A	**238,000,000**		50,000,000
Equity share warrants		**67,500,000**		-
Reserves and surplus	B	**709,120,152**		297,117,282
			1,014,602,152	347,117,282
Loan funds				
Secured loans	C		**1,015,084,669**	10,004,012
Deferred tax liabilities(net)			**1,025,126**	1,939,007
TOTAL FUNDS EMPLOYED			**2,030,711,947**	359,060,301
APPLICATION OF FUNDS				
Fixed assets				
Gross block	D	**69,263,438**		64,137,851
Less : Depreciation		**19,825,546**		12,263,076
Net block		**49,437,892**		51,874,775
Capital work in progress		**11,161,112**		-
			60,599,004	51,874,775
Investments	E		**1,573,482,489**	21,517,982
Current assets, loans and advances				
Sundry debtors	F	**203,567,400**		94,373,660
Cash and bank balances	G	**61,207,051**		102,770,690
Loans and advances	H	**448,068,847**		190,686,072
			712,843,298	387,830,422
Less : Current liabilites and provisions	I			
Current liabilities		**66,616,074**		6,814,432
Provisions		**249,596,770**		99,581,487
			316,212,844	106,395,919
Net current assets			**396,630,454**	281,434,503
Miscellaneous expenditure (To the extent not written off or adjusted)	J		-	4,233,041
TOTAL FUNDS UTILISED			**2,030,711,947**	359,060,301
Significant accounting policies and notes to accounts	O			

Schedules referred to above form an integral part of the consolidated financial statements

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : 25 July 2008

For and on behalf of the Board of Directors

Anshu
Chairperson

A. K. Mittal
Managing Director

Krupali Daru
Company Secretary

Place : Mumbai
Date : 25 July 2008

A. K. Capital Services Limited

Consolidated Profit and Loss Account for the year ended 31 March 2008

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
INCOME				
Merchant banking fees			**681,433,577**	359,325,645
Brokerage and fees			**17,440,644**	-
Investment income	K		**177,045,614**	104,229,471
Interest income (tax deducted at source Rs. 1,829,727: previous year Rs. 1,169,541)			**8,377,047**	5,276,932
Other income			**168,744**	101,945
			884,465,626	468,933,993
EXPENDITURE				
Personnel cost	L		**71,965,676**	43,772,055
Administrative, selling and other expenses	M		**384,308,336**	237,312,841
Interest expenses	N		**7,274,796**	5,053,851
Depreciation / amortisation			**7,982,354**	4,518,385
Miscellaneous expenditure written off			**4,683,041**	452,310
			476,214,203	291,109,442
PROFIT / (LOSS)				
Profit before tax			**408,251,423**	177,824,551
Less : provision for taxation				
current tax		**134,825,000**		40,978,960
fringe benefit tax		**5,852,000**		2,132,000
deferred tax expense / (credit)		**(478,028)**		(2,152,563)
wealth tax		**150,000**		88,274
			140,348,972	41,046,671
Profit after tax			**267,902,451**	136,777,880
Prior year expenses - Gratuity			**-**	(2,072,517)
Prior year tax adjustments			**-**	(5,371,107)
Share of loss of associates for the year			**-**	(16,727)
Profit after tax and prior period items			**267,902,451**	129,317,529
Add : Balance brought forward from last year		**146,746,472**		67,157,548
Reversal of share of loss of associates up to 31/03/2007		**17,707**	**146,764,179**	(980)
Profit available for appropriation			**414,666,630**	196,474,097
APPROPRIATIONS				
Amount transferred to general reserve			**50,000,000**	15,000,000
Dividend paid 2005 - 2006			**-**	12,500,000
Tax paid on dividend 2005 - 2006			-	1,753,500
Dividend on convertible cumulative preference shares			**5,045,902**	-
Proposed dividend on equity shares			**20,300,000**	17,500,000
Tax on dividend			**4,307,536**	2,974,125
Surplus carried to balance sheet			**335,013,192**	146,746,472
			414,666,630	196,474,097
Basic earnings per share			**48.76**	27.36
Diluted earnings per share			**37.47**	27.36
Nominal value of equity share			**10**	10
Significant accounting policies and notes to accounts	O			

Schedules referred to above form an integral part of the consolidated financial statements

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : 25 July 2008

For and on behalf of the Board of Directors

Anshu
Chairperson

A. K. Mittal
Managing Director

Krupali Daru
Company Secretary

Place : Mumbai
Date : 25 July 2008

A. K. Capital Services Limited

Consolidated Cash Flow Statement for the year ended 31 March 2008

		Current Year Rupees	Previous Year Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before taxation	**408,251,423**	177,824,551
	Adjustments for :		
	Depreciation	**7,982,354**	4,518,385
	Miscellaneous expenditure written off	**4,683,041**	452,310
	Loss/(profit) on sale of fixed assets	**426,648**	(25,000)
	Interest income on short term investments	**(4,454,386)**	(4,618,352)
	Interest received-others	**(8,377,047)**	(5,276,932)
	Interest expense	**7,274,796**	5,053,851
	Profit on sale of current investments (net)	**(146,813,097)**	(39,348,296)
	Dividend income on short term investments	**(25,778,131)**	(60,262,823)
	Deposits / bad debts written off	**1,753,425**	-
	Balances written back	**(112,200)**	(57,524)
	Operating Profit / (Loss) before working capital changes	**244,836,826**	78,260,170
	Adjustments for :		
	i) Trade and other receivables	**(144,290,987)**	(125,306,948)
	ii) Trade payable and other trade liabilities	**59,476,788**	(597,862)
	Cash generated from operations	**160,022,627**	(47,644,640)
	Direct taxes paid	**(94,405,333)**	(43,800,268)
	Net cash generated from / (used in) operating activities	**65,617,294**	(91,444,908)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets including capital work in progress	**(17,249,133)**	(32,464,256)
	Sale of fixed assets	**155,902**	25,000
	Purchase / sales of investments (net)	**(1,405,133,703)**	134,137,765
	Investment in fixed deposit	**(1,700,000)**	(20,000,000)
	Share application money received back	**-**	655,000
	Advance for investment in bonds	**(130,000,000)**	-
	Dividend income on short term investments	**25,778,131**	60,262,823
	Interest income on short term investments	**4,808,666**	4,618,352
	Net cash generated from / (used in) Investing activities	**(1,523,380,137)**	147,234,684
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Issue of equity share capital	**8,000,000**	-
	Issue of preferance share capital	**180,000,000**	-
	Securities premium received	**172,000,000**	-
	Issue of equity share warrant	**67,500,000**	-
	Proceeds from borrowings	**1,005,080,657**	4,635,076
	Interest received	**8,377,047**	5,276,932
	Dividend paid	**(17,500,000)**	(12,500,000)
	Interest paid	**(5,534,375)**	(5,053,851)
	Preliminary expenses incurred during the year	**(450,000)**	(3,852,528)
	Dividend distribution tax paid	**(2,974,125)**	(1,753,500)
	Net cash generated from / (used in) financing activities	**1,414,499,204**	(13,247,871)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(43,263,639)**	42,541,905
	Cash and cash equivalents at the beginning of the year	**82,770,690**	40,228,785
	Cash and cash equivalents at the end of the year	**39,507,051**	82,770,690
	Significant accounting policies and notes to accounts are given in Schedule 'O'		

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : 25 July 2008

For and on behalf of the Board of Directors

Anshu
Chairperson

A. K. Mittal
Managing Director

Krupali Daru
Company Secretary

Place : Mumbai
Date : 25 July 2008

A. K. Capital Services Limited

Schedules forming part of Consolidated Balance Sheet as at 31 March 2008

	Rupees	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - A			
SHARE CAPITAL			
Authorised			
15,000,000 (previous year 12,000,000) Equity shares of Rs. 10 each		**150,000,000**	120,000,000
200,000 Redeemable cumulative preference shares of Rs. 100 each		**20,000,000**	20,000,000
800,000 (previous year Nil) Convertible cumulative preference shares of Rs.225 each		**180,000,000**	-
		350,000,000	140,000,000
Issued, Subscribed and Paid Up			
5,800,000 (previous year 50,00,000) Equity shares of Rs. 10 each fully paid up		**58,000,000**	50,000,000
800,000 (previous year Nil) 6% Convertible cumulative preference shares of Rs. 225 each fully paid up		**180,000,000**	-
		238,000,000	50,000,000

1. Pursuant to provisions of the Share Subscription and Shareholders' Agreement dated 11 September 2007, the Company has allotted on 13 October 2007, 800,000 new equity shares of Rs.10 each as fully paid up for cash at a premium of Rs.215 per equity share issued to First Rand (Ireland) Public Limited Company, a company incorporated under the laws of Ireland.
2. The Company has alloted on 13 October 2007, 800,000 6% Convertible cumulative preference shares (CCPS) of Rs.225 each for cash to First Rand (Ireland) Public Limited Company. Each CCPS is convertible into 1 (one) equity share of Rs. 10 each at a premium of Rs.215 per equity share within a period of 18 months from the date of allotment.
3. The Company has alloted on 13 October 2007, 3,000,000 equity share warrants at Rs.225 each to the promoter group and others. An amount equivalent to 10% of the subscription amount has been received as application money. Each equity share warrant is convertible into 1 (one) equity share of Rs. 10 each at a premium of Rs.215 per equity share within a period of 18 months from the date of allotment. The balance amount is payable at the time of conversion of equity share warrants.

SCHEDULE - B			
RESERVES AND SURPLUS			
General Reserve			
As per last balance sheet	**150,370,810**		135,005,000
Transferred from reserve fund	-		365,810
Transferred from profit and loss account	**50,000,000**		15,000,000
Adjustments in accordance with transitional provision in Accounting Standard - 15 "Employee Benefits" (Revised 2005) for earlier years upto 31 March 2007 (net of deferred tax Rs. 435,853)	**1,718,150**		-
		202,088,960	150,370,810
Securities premium			
As per last balance sheet	-		-
Received during the year	**172,000,000**		-
		172,000,000	
Reserve Fund			
As per last balance sheet	-		365,810
Transferred to general reserve	-		(365,810)
		-	-
Surplus as per Profit and Loss Account		**335,013,192**	146,746,472
		709,102,152	297,117,282

A. K. Capital Services Limited

Schedules forming part of Consolidated Balance Sheet as at 31 March 2008

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - C		
SECURED LOANS		
Bank overdraft	**1,009,241,260**	-
(Refer note B-3 of Schedule 'O')		
Vehicle loans from a bank	**5,843,409**	10,004,012
(Secured against hypothecation of vehicles)		
(Repayable within one year Rs. 4,815,977; previous year Rs. 4,160,603)		
	1,015,084,669	10,004,012

SCHEDULE - D
FIXED ASSETS

(Amount in Rupees)

ASSETS DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2007	Additions during the year	Sales / Adjust-ment	As at 31/03/2008	Upto 31/03/2007	For the year	Sales / adjustments	As at 31/03/2008	As at 31/03/2008	As at 31/03/2007
Leasehold improvements	7,366,906	870,152	-	**8,237,058**	1,288,695	3,127,545	-	**4,416,240**	**3,820,818**	6,078,211
Office building	11,016,284	-	-	**11,016,284**	1,720,584	179,512	-	**1,900,096**	**9,116,188**	9,295,700
Machinery	369,060	-	-	**369,060**	208,879	17,530	-	**226,409**	**142,651**	160,181
Computer	8,655,857	2,389,426	-	**11,045,283**	5,429,344	1,677,739	-	**7,107,083**	**3,938,200**	3,226,513
Office equipment	7,618,409	2,309,912	15,902	**9,912,419**	827,218	496,450	257	**1,323,411**	**8,589,008**	6,791,191
Furniture and fixtures	8,895,797	518,531	-	**9,414,328**	413,056	593,076	-	**1,006,132**	**8,408,196**	8,482,741
Vehicles (Refer note below)	20,215,538	-	946,532	**19,269,006**	2,375,300	1,890,502	419,627	**3,846,175**	**15,422,831**	17,840,238
Total	64,137,851	6,088,021	962,434	**69,263,438**	12,263,076	7,982,354	419,884	**19,825,546**	**49,437,892**	51,874,775
Previous Year	31,820,635	32,464,256	147,040	64,137,851	7,891,731	4,518,385	147,040	12,263,076	51,874,775	
Capital work in progress									**11,161,112**	-

Note:
Secured against hypothecation of vehicles (Gross block Rs. 15,129,959; previous year Rs. 17,020,530 and accumulated depreciation Rs.1,437,346; previous year Rs. 1,576,588).

A. K. Capital Services Limited

Schedules forming part of Consolidated Balance Sheet as at 31 March 2008

SCHEDULE - E

INVESTMENTS

	Face Value Rupees	As at 31/03/2008 Numbers	As at 31/03/2008 Rupees	As at 31/03/2007 Numbers	As at 31/03/2007 Rupees
Non trade, quoted (fully paid up) - Current					
Equity shares of Blue Bird (I) Limited	10	-	-	8,200	507,990
Equity shares of Jindal South West Holdings Limited	10	-	-	125	27,875
Equity shares of Flex Industries Limited	10	-	-	245	11,803
Equity shares of IEC Software Limited	10	-	-	1,356	5,627
Equity shares of Bell Ceramics Limited	10	-	-	3,000	34,110
Equity shares of Kajaria Ceramics Limited	2	-	-	440	13,706
Equity shares of Precision Electronics Limited	10	-	-	115	483
Equity shares of Shamken Spinners Limited	10	**9,000**	**22,770**	9,000	13,320
Bonds of 9.10% Punjab & Sindh Bank*	1,000,000	****442**	**442,123,730**	-	-
Bonds of 9.15% Andhra Bank*	1,000,000	**100**	**98,250,000**	-	-
Bonds of 9.20% Bank of Maharashtra*	1,000,000	****50**	**49,162,500**	-	-
Bonds of 9.20% PNB Housing 2019*	1,000,000	****117**	**117,058,500**	-	-
Bonds of 9.20% PNB Housing 2020*	1,000,000	**5**	**5,005,000**	-	-
Bonds of 9.20% PNB Housing 2021*	1,000,000	**90**	**90,090,000**	-	-
Bonds of 9.35% UCO Bank*	1,000,000	**39**	**39,015,600**	-	-
Bonds of 9.30% State Bank of Patiala*	1,000,000	**1**	**1,000,000**	-	-
Bonds of 9.78% State Bank of Bikaner and Jaipur*	1,000,000	****156**	**159,608,000**	-	-
Bonds of 9.30% WBIDFC*	1,000,000	****2**	**2,016,000**	-	-
Bonds of 9.35% Punjab National Bank*	1,000,000	****1**	**996,000**	-	-
Bonds of 9.95% Dewan Housing Finance Limited*	1,000,000	****5**	**50,000,000**	-	-
Bonds of 9.95% State Bank of Hyderabad*	1,000,000	****500**	**500,000,000**	-	-
Bonds of 13.50% Maharashtra Jivan Pradhikaran*	50,000	**2**	**100,000**	-	-
Bonds of 10.10% UTI Bank Limited*	1,000,000	**-**	-	17	17,000,000
			1,554,448,100		17,614,914
Non trade, unquoted (fully paid up) - Current					
LICMF Liquid Plus Fund	10	**1,245,819**	**12,458,191**	-	-
Trade, unquoted - others - long term					
Equity shares of Intelligroup Advisors Private Limited***	10	**4,600**	**46,000**	19,600	193,093
Equity shares of A. K. Capital Retail Private Limited***	10	**1,000**	**10,000**	4,000	35,084
Equity shares of A. K. Commodities Private Limited***	10	**3,000**	**30,000**	8,000	75,058
Equity shares of A. M. Care Limited	10	**100**	**1,000**	100	1,000
Equity shares of A. K. Wealth Management Pvt. Ltd.***	10	**8,000**	**80,000**	20,000	195,058
Equity shares of Sunrise Corporate Services Limited	10	**100,000**	**1,000,000**	100,000	1,000,000
			1,167,000		1,499,293
Others					
Gold coins and ornaments (Refer Note B -17 of Schedule - 'O')			**5,409,198**		2,403,775
			1,573,482,489		21,517,982
Aggregate value of quoted investments			**1,554,448,100**		17,886,804
Aggregate value of unquoted investments			**13,625,191**		1,499,293
Market value of quoted investments			**1,554,448,100**		662,692

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

** Refer note B -3 of Schedule 'O'

*** In previous year, associate company

A. K. Capital Services Limited

Schedules forming part of Consolidated Balance Sheet as at 31 March 2008

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period over six months	**7,290,810**	4,572,993
Others	**196,276,590**	89,800,667
	203,567,400	94,373,660
SCHEDULE - G		
CASH AND BANK BALANCES		
Cash on hand	**1,992,651**	2,350,238
Balances with scheduled banks		
- in current accounts	**36,982,603**	79,749,392
- in unpaid dividend accounts	**531,797**	671,060
- in fixed deposit accounts	**21,700,000**	20,000,000
	61,207,051	102,770,690
SCHEDULE - H		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind for value to be received	**6,119,972**	1,920,130
Deposits	**147,573,322**	118,783,622
Advance for investment in bonds (subsequently allotted)*	**130,000,000**	-
Advance tax and tax deducted at source	**164,375,553**	69,982,320
(including fringe benefit tax paid Rs. 12,773,672; previous year Rs.3,653,389)	**448,068,847**	190,686,072
*Refer note B-3 of Schedule 'O'		
SCHEDULE - I		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry creditors		
(a) total outstanding dues of micro and small enterprises (Refer note B - 8 of Schedule 'O')	**-**	-
(b) total outstanding dues of creditors other than micro and small enterprises	**29,599,757**	4,576,435
Other liabilities	**34,744,126**	1,566,937
Interest accrued but not due on loan	**1,740,421**	-
Investor Education and Protection Fund shall be credited by following amount (as and when due):	**-**	-
Unpaid dividend**	**531,770**	671,060
	66,616,074	6,814,432
Provisions		
Provision for income tax	**206,531,247**	71,718,347
Provision for wealth tax	**259,086**	109,086
Provision for fringe benefit tax	**10,137,389**	4,285,389
Provision for retirement benefits	**3,015,610**	2,994,540
Provision for dividend on convertible cumulative preference shares	**5,045,902**	-
Provision for proposed dividend	**20,300,000**	17,500,000
Provision for tax on dividend	**4,307,536**	2,974,125
	249,596,770	99,581,487
	316,212,844	106,395,919
SCHEDULE - J		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary expenses	**1,123,913**	832,823
Add:-Incurred during the year	**450,000**	743,400
Less : Written off during the year	**1,573,913**	452,310
	-	1,123,913
Pre operative expenses	**3,109,128**	3,109,128
Less: Written off during the year	**3,109,128**	-
	-	3,109,128
	-	4,233,041

** There are no dues which need to be credited in to Investor Education and Protection Fund under section 205 C of the Companies Act, 1956 as of 31 March 2008.

A. K. Capital Services Limited

Schedules forming part of Consolidated Profit & Loss Account for the year ended 31 March 2008

	Current Year Rupees	Previous Year Rupees
SCHEDULE - K		
INVESTMENT INCOME		
Profit on sale of current investments (Net)	**146,813,097**	39,348,296
Interest income on short term investments	**4,454,386**	4,618,352
(tax deducted at source Rs. 334,815; previous year Rs. 869,550)		
Dividend income on short term investments	**25,778,131**	60,262,823
	177,045,614	104,229,471
SCHEDULE - L		
PERSONNEL COST		
Salaries, bonus and allowances	**66,790,313**	43,278,255
Contribution to provident and other funds	**43,860**	45,228
Staff welfare expenses	**5,131,503**	448,572
	71,965,676	43,772,055
SCHEDULE - M		
ADMINISTRATIVE AND OTHER EXPENSES		
Travelling and conveyance expenses	**12,382,635**	10,646,873
Rent	**51,892,139**	40,925,113
Rates and taxes	**3,471,144**	1,834,588
Electricity expenses	**3,384,844**	2,443,391
Auditors' remuneration	**227,746**	171,492
Communication charges	**3,592,772**	3,384,318
Books and subscription expenses	**838,446**	854,801
Printing and stationary expenses	**4,543,882**	2,744,722
Conference and AGM expenses	**1,587,324**	71,232
Legal and professional expenses	**15,787,058**	14,820,865
Bank charges	**268,600**	320,468
Securities transaction tax	**2,219,508**	369,623
Repairs and maintenance - Building	**2,129,880**	353,917
- Others	**4,060,446**	5,384,247
Loss on sale of fixed assets (net)	**426,648**	-
Service tax	**30,085,026**	32,562,778
Directors sitting fees	**160,000**	155,000
Debtors / bad debts written off	**1,753,425**	3,100,365
Donation	**10,700**	50,000
Software expenses	**1,074,974**	143,313
Advertisement expenses	**15,972,470**	9,004,134
Business promotion expenses	**29,779,793**	14,582,789
Brokerage paid	**695,230**	14,948,777
Incentive expenses	**10,980,697**	5,689,336
Sub arranger fees	**185,489,030**	72,142,282
Insurance charges	**48,589**	-
Miscellaneous expenses	**1,445,330**	608,417
	384,308,336	237,312,841
SCHEDULE - N		
INTEREST EXPENSES		
On term loan	**664,278**	402,329
On others	**6,610,518**	4,651,522
	7,274,796	**5,053,851**

SCHEDULE - 'O'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

A. Significant accounting policies:

1) **Basis of preparation of consolidated financial statements:**

These consolidated financial statements have been prepared on the basis of historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standard (AS)-21 'Consolidated Financial Statements' and Accounting Standard (AS)-23 'Accounting for Investments in Associates in Consolidated Financial statements' issued by the Institute of Chartered Accountants of India, to the extent applicable. The consolidated financial statements are presented in Indian rupees.

2) **Principles of consolidation**

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

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

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

II. Transactions relating to Profit and Loss Account of the acquired subsidiaries have been included in the Consolidated Profit and Loss Account from the effective date of acquisition on proportionate basis assuming that profits / loss have accrued evenly through out the year wherever financial statements are not drawn till the date of acquisition.

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

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

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

d) Investments in associates are accounted under equity method. Under the equity method, the investment is initially recorded at cost, identifying goodwill/capital reserve arising at the time of acquisition and the carrying amount is increased/decreased to recognise Group's share of profits/losses of the associates after the date of acquisition. Goodwill Capital reserve arising on acquisition of the associates is included in the carrying amount of the respective investments. Unrealised profits resulting from transactions between the Group and the associates are eliminated to the extent of Group's interest in the associates. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.

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

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

3) **Fixed assets:**
Fixed assets are stated at cost less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

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

Leasehold improvements has been amortised over the lease period.

5) **Investments:**

i) Long-term investments are valued at cost after deducting provision, if any, made for permanent diminution in the values. Premium paid/ discount received on purchase or acquisition of an investment, is adjusted in the year of sale / redemption of that investment.

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

6) **Revenue recognition:**

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

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

7) **Foreign currency transactions:**

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

8) **Retirement benefits:**

i) Defined contribution plans

The Company contributes on a defined contribution basis to Employee's Provident Fund, towards post employment benefits, which is administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

ii) Defined benefit plans

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

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

iii) Employee leave entitlement

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

9) **Accounting for taxes on income:**

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

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

iii) Fringe benefit tax is provided as per the provisions of Income Tax Act, 1961 on chargeable expenses incurred during the year.

10) **Lease:**

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

11) **Borrowing costs:**

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

12) **Impairment of assets:**

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

13) **Provisions and contingent liabilities:**

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

A. Notes to accounts:

1) The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of incorporation	Extent of holding (%)	Reporting currency	Effective date of becoming subsidiary
A. K. Stockmart Private Limited	India	100.00	Indian Rupees	20/02/2006
A. K. Capital Corporation Private Limited	India	100.00	Indian Rupees	29/01/2007

2) The Associates of the Group and the ownership interest of the Group upto 31 March 2007 are as follows:

Name of the Associates	Country of incorporation	Extent of holding (%)	Reporting currency	Effective date of becoming Associates
A. K. Wealth Management Private Limited	India	40.00	Indian Rupees	29/12/2006
A. K. Capital Retail Private Limited	India	40.00	Indian Rupees	07/02/2007
A. K. Commodities Private Limited	India	40.00	Indian Rupees	07/02/2007
Intelligroup Advisors Private Limited	India	49.00	Indian Rupees	20/12/2005

3) As on 31/03/2008, following debt securities were pledged with a bank for the bank overdraft facility :

Sr. No.	Particulars	Quantity	Average value (Rupees)
1.	9.20% Bank of Maharashtra	35	34,413,750
2.	9.20% PNB Housing Finance 2019	117	117,058,500
3.	9.10% Punjab and Sind Bank	320	320,089,578
4.	9.35% Punjab National Bank	1	996,000
5.	9.78% State Bank of Bikaner & Jaipur	6	6,138,769
6.	9.30% West Bengal Infrastructure Development Finance Corporation	2	2,016,000
7.	9.95% Dewan Housing Finance Limited**	50	50,000,000
8.	9.95% State Bank of Hyderabad**	500	500,000,000
9.	9.45% REC *	130	130,000,000
	Total		1,160,712,597

* Refer Schedule "H" – "Loans and advances"

** Allotted before the year end but transferred in the demat account of the Company subsequent to the balance sheet date.

4) During the year company has purchased and redeemed 11,542,348 units (previous year 11,078,468 units) aggregating to Rs. 200,000,000 (previous year Rs. 190,000,000) of various schemes of mutual funds. Also 4,208,729 shares (previous year NIL) aggregating to Rs. 731,931,089 (previous year NIL) and 41,956 bonds (previous year 11,313 bonds) aggregating to Rs. 26,239,231,474 (previous year Rs. 9,741,632,910) were purchased and sold during the year.

5) **Leases**

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

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

Particulars	As at 31/03/2008 (Rupees)	As at 31/03/2007 (Rupees)
Not later than one year;	3,041,000	—

The amount of minimum lease payments with respect to the above lease recognised in the profit and loss account for the year is Rs. 6,082,000 (previous year Rs. Nil).

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

6) **Related party disclosure:**

i) Related parties and their relationships:

Enterprise controlled by or having significant influence of key management personnel	A. K. Capital Markets Limited A. K. Services Private Limited Second Leasing Private Limited A. K. Wealth Management Private Limited (w.e.f. 01/04/2007) A. K. Capital Retail Private Limited(w.e.f. 01/04/2007) A. K. Commodities Private Limited(w.e.f. 01/04/2007) Intelligroup Advisors Private Limited(w.e.f. 01/04/2007)
Key management personnel	Mr. A. K. Mittal Mr. Deepak Mittal
Relative of key management personnel	Mrs. Anshu Mr. Abhinav Kumar Ms. Aditi Mittal

Notes:

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

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

c) The details of subsidiaries have been given in Note no. B(1) above.

d) Previous year figures in para (ii) and (iii) below have been furnished based on the audited consolidated financial statements for the year ended 31 March 2007.

e) Following companies are ceased to be associate w.e.f. 01/04/2007;

(1) A. K. Wealth Management Private Limited
(2) A. K. Capital Retail Private Limited
(3) A. K. Commodities Private Limited
(4) Intelligroup Advisors Private Limited

ii) Transactions with related parties:

(Amount in Rupees)

Particulars	Related parties				Total
	Key Management Personnel	Relatives of Key Management Personnel	Enterprise in which key management personnel have control / significant influence	Associates	
Investments in share capital	- (-)	- (-)	- (-)	- (120,000)	- (120,000)
Inter Corporate Deposits taken and repaid	- (-)	- (-)	- (7,555,000)	- (450,000)	- (8,005,000)
Inter Corporate Deposits given and received back	- (-)	- (-)	7,545,765,460 (2,594,066,656)	- (-)	7,545,765,460 (2,594,066,656)
Loans taken and repaid	- (1,700,000)	- (3,800,000)	- (-)	- (-)	- (5,500,000)
Interest received	- (-)	- (-)	5,691,150 (4,959,453)	- (-)	5,691,150 (4,959,453)
Remuneration paid	11,055,444 (6,814,880)	- (-)	- (-)	- (-)	11,055,444 (6,814,880)
Deposits given	- 10,000,000	1,975,000 (15,250,000)	- (-)	- (-)	1,975,000 (25,250,000)
Deposits repaid	- (-)	- (975,000)	- (-)	- (-)	- (975,000)
Brokerage received	- (-)	- (-)	112,000 (22,500,000)	- (-)	112,000 (22,500,000)
Purchase of securities	- (-)	- (-)	9,263,737,375 (1,359,806,597)	- (-)	9,263,737,375 (1,359,806,597)
Sales of securities	- (-)	- (-)	3,062,665,170 (2,450,778,400)	- (-)	3,062,665,170 (2,450,778,400)

Particulars	Related parties				Total
	Key Management Personnel	Relatives of Key Management Personnel	Enterprise in which key management personnel have control / significant influence	Associates	
Rent paid	3,454,500 (1,550,000)	8,031,770 (4,028,200)	- (-)	- (-)	11,486,270 (5,578,200)
Sale of investment	- (-)	- (-)	350,000 (-)	- (-)	350,000 (-)
Balance receivable as at year end	11,450,000 (11,450,000)	19,412,000 (17,437,000)	350,000 (7,500,000)	- (-)	31,212,000 (36,387,000)
Investment in share capital as at year end	- (-)	- (-)	166,000 (-)	- (516,000)	166,000 (516,000)
Subscription to equity share warrants	- (-)	22,950,000 (-)	38,925,000 (-)	- (-)	61,875,000 (-)

iii) **Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:**

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Investments in share capital		
A. K. Capital Retail Private Limited	-	40,000
A. K. Commodities Private Limited	-	80,000
Inter corporate deposits taken and repaid		
A. K. Capital Markets Limited	-	1,550,000
Second Leasing Private Limited	-	6,005,000
Inter corporate deposits given and received back		
A. K. Services Private Limited	7,545,765,460	2,594,066,656
Loans taken and repaid		
A. K. Mittal	-	1,700,000
Anshu	-	2,000,000
Abhinav Kumar	-	1,300,000
Sale of investment		
A. K. Services Private Limited	350,000	-
Interest received		
A. K. Services Private Limited	5,691,150	4,959,453
Remuneration paid		
A. K. Mittal	7,860,000	6,000,000
Deepak Mittal	3,195,444	814,880
Deposits given		
A. K. Mittal	-	10,000,000
Anshu	1,000,000	5,000,000
Abhinav Kumar	975,000	10,250,000
Deposits repaid		
Abhinav Kumar	-	975,000
Brokerage received		
A. K. Capital Markets Limited	112,000	22,500,000
Purchase of securities		
A. K. Services Private Limited	9,168,563,675	1,357,832,550

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Sales of securities		
A. K. Services Private Limited	3,026,635,861	2,450,778,400
Rent paid		
A. K. Mittal	3,454,500	1,550,000
Anshu	2,692,700	1,050,000
Abhinav Kumar	5,339,070	2,978,200
Balances receivable as at year end		
A. K. Mittal	11,450,000	11,450,000
Anshu	7,450,000	6,450,000
Abhinav Kumar	11,962,000	10,987,000
A. K. Capital Markets Limited	-	7,500,000
Subscription to equity share warrants		
A. K. Mittal	22,950,000	-
Anshu	28,125,000	-
Abhinav Kumar	10,800,000	-

7) **Disclosure under (AS) – 15 (Revised 2005):**

In the current year, the Company has adopted Accounting Standard (AS) - 15 (Revised) "Employee Benefits" which is mandatory from accounting periods commencing on or after 7 December 2006. Accordingly, the Company has provided gratuity liability based on actuarial valuation done as per Projected Unit Credit Method.

i) Retirement benefits in the form of Provident Fund are defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

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

The Company has classified the various benefits provided to employees as under:

I. **Defined Contribution Plans:**

Defined contribution plan consists of Employers' Contribution to Provident Fund of Rs.43,860 recognized as expense for the year.

II. **Defined Benefit Plan:**

Gratuity Fund

The Company makes provision for Employees' Gratuity for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation / termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the unfunded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31 March 2008.

	Particulars	Gratuity (Unfunded)
a)	**Change in present value of obligation**	
	Present value of obligation as at 1 April 2007	1,531,343
	Interest cost	122,507
	Service cost	606,819
	Benefits paid	—
	Actuarial (gain)/loss on obligation	551,900
	Present value of obligation as at 31 March 2008	2,812,569
b)	**Change in fair value plan assets**	
	Fair value of plan assets as at 1 April 2007	—
	Expected return on plan assets	—
	Contributions	—
	Benefits paid (estimated upto 31/03/2008)	—
	Actuarial gain/(loss) on plan assets	—
	Fair value of plan assets as at 31 March 2008	—
c)	**Amount recognized in the Balance Sheet**	
	Present value of obligation, as at 31 March 2008	2,812,569
	Fair value of plan assets as at 31 March 2008	—
	Assets / (Liabilities) recognized in the Balance Sheet	
	(shown as provisions in Schedule I - Current liabilities and provisions)	2,812,569
d)	**Expense recognized during the year**	
	Current service cost	606,819
	Interest cost	122,507
	Expected return on plan assets	—
	Net Actuarial (gain)/loss to be recognized	551,900
	Net periodic cost	1,281,226
e)	**Assumptions used in accounting for the gratuity plan**	**% (p.a.)**
	Mortality rate	LIC (1994-96)
	Discount rate	8.00
	Salary escalation rate	5.00
	Expected rate of return on plan assets	—

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Since this is the first year of (AS) -15 (Revised 2005) being applicable, previous year's figures have not been provided.

8) As per Accounting Standard (AS)-22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax liability (net) pertaining to timing difference arising for the period upto 31 March 2008 of Rs.1,025,126 (upto 31 March 2007 Rs. 1,939,007) have been determined.

Major components of deferred tax assets and liabilities as at year-end are as under:

Particulars	As at 31/03/2008 (Rupees)	As at 31/03/2007 (Rupees)
Deferred tax liability :		
Depreciation	**2,770,621**	2,998,711
Total (A)	**2,770,621**	2,998,711
Deferred tax assets:		
Gratuity	**955,992**	956,356
Disallowance under Section 40 a (ia)	-	103,348
Preliminary expenses	**789,503**	**-**
Total (B)	**1,745,495**	1,059,704
Deferred tax liability (net) (A-B)	**1,025,126**	1,939,007

9) **Segment information**:
The Company has single reporting segment i.e. "Providing Merchant Banking Services" for the purpose of Accounting Standard (AS) - 17 'Segment Reporting'. The Company does not have any reportable geographical segment.

10) **Earnings per share (EPS)**:

	Particulars	Current Year	Previous Year
(i)	Net profit after tax (Rs.)	**267,902,451**	136,777,880
(ii)	Less: Preference share dividend including tax on dividend (Rs.)	**5,903,453**	-
(iii)	Net profit after tax available for equity share holder (Rs.)	**261,998,998**	136,777,880
(iv)	Weighted average number of equity shares outstanding at the year end (No.)	**5,373,770**	5,000,000
(v)	Basic earnings per share (Rs.)	**48.76**	27.36
(vi)	Weighted average number of equity shares to be issued against convertible cumulative preference shares and convertible equity share warrants	**1,775,409**	—
(vii)	Weighted average number of diluted equity shares (No.)	**7,149,179**	—
(viii)	Diluted earnings per share (Rs.)	**37.47**	27.36
(ix)	Nominal value of share (Rs.)	**10**	10

11) There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) – 28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India.

12) (a) The profit and loss account includes remuneration to Directors as follows:

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Salaries, bonus and allowances	**11,055,444**	6,814,880
Perquisites	**1,560,000**	1,200,000
Total	**12,615,444**	8,014,880

Notes:
i) The perquisites for which monetary value is not determinable are considered as per Income Tax Rules.
ii) As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertainable and therefore not included above.

(b) No commission is payable to Directors / Managing Director and hence, computation of Net Profit in accordance with Section 198, 309 and 349 of the Companies Act, 1956 has not been given.

13) Deposits include amount aggregating to Rs. 18,900,000 (previous year Rs. 17,900,000) given to directors of the Company as security deposit towards premises taken on rent. Maximum balance outstanding during the year Rs. 18,900,000 (previous year Rs.17,900,000).

14) The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. As the Company has not received any intimation from its suppliers as on date regarding their status under the above said Act, no disclosure has been made.

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

16) Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

17) The Company has purchased gold coins and ornaments during the year. In view of numerous numbers of gold coins having different weight and values, the quantitative information has not been furnished.

18) Previous year figures have been regrouped or rearranged, wherever considered necessary, to conform with the current year presentation.

Signatures to schedules 'A' to 'O'

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : 25 July 2008

For and on behalf of the Board of Directors

Anshu
Chairperson

A. K. Mittal
Managing Director

Krupali Daru
Company Secretary

Place : Mumbai
Date : 25 July 2008

A. K. Stockmart Private Limited

DIRECTORS' REPORT

To
Dear Shareholders
A. K. Stockmart Private Limited

Your Directors are pleased to present the 3rd Annual Report together with the Audited Accounts for the financial year ended 31 March 2008.

FINANCIAL HIGHLIGHTS

Financial performance of the Company for the financial year ended 31 March 2008 is summarized below.

(Amount in Rupees)

Particulars	For the financial year ended 31 March 2008
Income	20,091,069
Profit before depreciation and interest	2,406,110
Profit before tax	2,169,820
Provision for tax	1,529,391
Profit after tax	640,429
Balance brought forward from last year	105,764
Surplus carried to balance sheet	746,193

FUTURE BUSINESS PLAN

The Company has robust plans for acquiring diverse and wider clientele base viz. Retail, HNI, Institutional etc. through implementation of its marketing strategies. The Company also plans to expand its operations geographically by opening branches and/or registration of sub-brokers across the country.

DIVIDEND

The Directors did not recommend any dividend for the financial year ended 31 March 2008.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mrs. Anshu, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanation relating to material departures, if any;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31March 2008 and of the profit of the Company for the financial year ended 31 March 2008;
3. they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

DEPOSITS

During the financial year ended 31 March 2008, the Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, and the rules thereunder.

AUDITORS AND AUDITORS REPORT

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

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred in the Auditors' report are self-explanatory and therefore do not call for any further comments.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and research & development and technology absorption respectively are not applicable to the Company.

The Company has no foreign exchange earnings & outgo during the financial year ended 31 March 2008.

PERSONNEL

None of the employees of the Company are in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENT

The Directors would like to express their sincere thanks for the co-operation received from banks and government authorities. The Directors places on record its gratitude to the Company's valued shareholders for their continued support and confidence in the Company

By the order of the Board of Directors

Anshu
Chairperson

Mumbai, 27 June 2008

A. K. Stockmart Private Limited

AUDITORS' REPORT

To

The Shareholders,
A. K. Stockmart Private Limited

We have audited the attached Balance Sheet of A. K. Stockmart Private Limited, as at 31 March 2008 and Profit and Loss Account 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 (hereinafter referred to as "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 the 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 and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance Sheet and Profit and Loss Account 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 31 March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31 March 2008 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 31 March 2008.
    - ii. In the case of Profit & Loss Account, of profit of the Company for the year ended on that date.
    - iii. 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

K. K. Jain
Proprietor
Membership No. 87379

New Delhi, 27 June 2008

ANNEXURE TO THE AUDITORS' REPORT

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

i) In respect of its fixed assets:

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 have 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, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and sale of services. We have not observed any failure to correct major weaknesses in such internal controls.

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

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

vii) In our opinion and according to the information and explanations given to us, the Company's 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(1)(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 statutory dues remained outstanding for six month or more at the end of the year.

(b) In our opinion and according to the information and explanations given to us, no disputed amounts 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 the 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) In our opinion and according to information and explanations given to us, the Company has maintained proper records in respect of transactions relating to dealing in shares, securities, debentures and other investments. As per our examination of such records, we report that timely entries had been made in such records and that shares, securities, debentures and other investments have been held by the Company in its own name.

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 under 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) During the year under audit, the Company has made preferential allotment of 2,000,000 fully paid up equity shares to its holding Company, A. K. Capital Services Limited.

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

K. K. Jain
Proprietor
Membership No. 87379

New Delhi, 27 June 2008

A. K. Stockmart Private Limited

Balance Sheet as at 31 March 2008

	Schedule	Rupees	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SOURCES OF FUNDS				
Shareholders' funds				
Share capital	A		**70,000,000**	50,000,000
Reserves and surplus	B		**746,193**	105,764
TOTAL FUNDS EMPLOYED			**70,746,193**	50,105,764
APPLICATION OF FUNDS				
Fixed assets				
Gross block	C	**2,130,570**		
Less : Depreciation		**236,290**		
Net block			**1,894,280**	536,800
Investments	D		**12,458,191**	17,000,000
Deferred tax assets			**402,609**	-
Current assets, loans and advances				
Sundry debtors	E	**8,789,698**		27,146
Cash and bank balances	F	**17,081,544**		47,442
Loans and advances	G	**52,564,866**		28,936,762
			78,436,108	29,011,350
Less : Current liabilites and provisions				
Current liabilities	H	**20,421,135**		180,127
Provisions		**2,023,860**		91,860
			22,444,995	271,987
Net current assets			**55,991,113**	28,739,363
Miscellaneous expenditure (To the extent not written off or adjusted)	I		-	3,829,601
TOTAL FUNDS UTILISED			**70,746,193**	50,105,764
Statement of Significant accounting policies and notes forming an integral part of accounts	L			

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

K. K. Jain
Proprietor
Membership No. 87379

Place : New Delhi
Date : 27 June 2008

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Aditi Mittal
Director

Paras Parikh
Company Secretary

Place : Mumbai
Date : 27 June 2008

A. K. Stockmart Private Limited

Profit and Loss Account for the year ended 31 March 2008

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
INCOME				
Brokerage & Fees			**18,978,082**	-
Interest income			**896,409**	200,624
Profit on Sales of Investment			**191,792**	-
Dividend on Shares			**24,786**	-
			20,091,069	200,624
EXPENDITURE				
Personnel cost	J		**9,005,117**	-
Selling, Administrative and other expenses	K		**4,400,241**	2,000
Depreciation			**236,290**	-
Miscellaneous Expenses Written off			**4,279,601**	-
			17,921,249	2,000
Profit before tax			**2,169,820**	198,624
Less : provision for taxation				
income tax		**1,800,000**		66,860
fringe benefit tax		**132,000**		25,000
deferred Tax		**(402,609)**		-
			1,529,391	91,860
Profit after tax			**640,429**	106,764
Add : Balance brought forward from last year			**105,764**	(1,000)
Surplus carried to balance sheet			**746,193**	105,764
Statement of Significant accounting policies and notes forming an integral part of accounts	L			

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

K. K. Jain
Proprietor
Membership No. 87379
Place : New Delhi
Date : 27 June 2008

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Aditi Mittal
Director

Paras Parikh
Company Secretary

Place : Mumbai
Date : 27 June 2008

A. K. Stockmart Private Limited

Cash Flow Statement for the year ended 31 March 2008

		Current Year Rupees	Previous Year Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	**2,169,820**	198,624
	Adjustment for		
	Depreciation	**236,290**	-
	Miscellaneous expenses written off	**4,279,601**	-
	Interest received	**(896,409)**	(200,624)
	Dividend received	**(24,786)**	-
	Profit/(Loss) on sale of Investments	**(191,792)**	-
	Operating Profit / (Loss) before working capital changes	**5,572,724**	(2,000)
	Adjustments for		
	i) Receivables	**(8,762,552)**	(27,146)
	ii) Current liabilities	**20,241,008**	179,127
	Cash flow from operating activities	**17,051,180**	149,981
	Direct taxes paid	**(372,019)**	(45,020)
	Net cash from operating activities	**16,679,161**	104,961
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Acquisition of fixed assets	**(1,593,770)**	(536,800)
	Acquisition of investments	**4,541,809**	(17,000,000)
	Loan & advances given	**(23,256,085)**	(28,891,742)
	Net cash used in investing activities	**(20,308,046)**	(46,428,542)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest received	**896,409**	200,624
	Dividend received	**24,786**	-
	Profit / (Loss) on sale of Investments	**191,792**	-
	Proceeds from issue to share capital	**20,000,000**	39,100,000
	Deferred expenditure	**(450,000)**	(3,348,228)
	Net cash used in financing activities	**20,662,987**	35,952,396
	Net Increase/decrease,in cash and cash equivalents	**17,034,102**	(10,371,185)
	Cash and cash equivalents at the beginning of the year	**47,442**	10,418,627
	Cash and cash equivalents at the close of the year	**17,081,544**	47,442

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

K. K. Jain
Proprietor
Membership No. 87379

Place : New Delhi
Date : 27 June 2008

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Aditi Mittal
Director

Paras Parikh
Company Secretary

Place : Mumbai
Date : 27 June 2008

A. K. Stockmart Private Limited

Schedules to the Balance Sheet as at 31 March 2008

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
1,00,00,000 (previous year - 5,000,000) Equity shares of Rs. 10 each	**100,000,000**	50,000,000
	100,000,000	50,000,000
Issued, Subscribed and Paid up		
70,00,000 (previous year - 5,000,000) Equity shares of Rs. 10 each fully paid up	**70,000,000**	50,000,000
	70,000,000	50,000,000
SCHEDULE - B		
RESERVES AND SURPLUS		
Surplus as per Profit and Loss Account	**746,193**	105,764
	746,193	105,764

SCHEDULE - C

FIXED ASSETS

(Amount in Rupees)

ASSETS DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01/04/2007	Additions during the year	Sales	**As at 31/03/2008**	**As at 01/04/2007**	For the year	Sales	**As at 31/03/2008**	**As at 31/03/2008**	As at 31/03/2007
Computer	527,500	1,202,906	-	**1,730,406**	-	201,367	-	**201,367**	**1,529,039**	527,500
Printer	9,300	22,400	-	**31,700**	-	3,180	-	**3,180**	**28,520**	9,300
Fax Machine	-	6,750	-	**6,750**	-	353	-	**353**	**6,397**	-
UPS System	-	209,000	-	**209,000**	-	25,247	-	**25,247**	**183,753**	-
Telephone Instrument	-	66,000	-	**66,000**	-	4,474	-	**4,474**	**61,526**	-
Furniture & Fixtures	-	86,714	-	**86,714**	-	1,669	-	**1,669**	**85,045**	-
	536,800	1,593,770	-	**2,130,570**	-	236,290	-	**236,290**	**1,894,280**	536,800
PREVIOUS YEAR	-	536,800	-	536,800	-	-	-	-	**536,800**	-

	Face Value Rupees	As at 31/03/2008 Numbers	As at 31/03/2008 Rupees	As at 31/03/2007 Numbers	As at 31/03/2007 Rupees
SCHEDULE - D					
INVESTMENTS					
Non trade, quoted (fully paid up) - Current					
10.10% UTI Bank Limited	1,000,000	**-**	**-**	17	17,000,000
Non trade, unquoted (fully paid up) - Current					
LICMF Liquid Plus Fund	10.00	**1,245,819**	**12,458,191**		
			12,458,191		17,000,000

A. K. Stockmart Private Limited

Schedules forming part of Balance Sheet as at 31 March 2008

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - E		
SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for less than six months	**8,789,698**	27,146
	8,789,698	27,146
SCHEDULE - F		
CASH AND BANK BALANCES		
Cash on hand	**12,292**	3,964
Cash at Bank - In current Accounts	**17,069,252**	43,478
	17,081,544	47,442
SCHEDULE - G		
LOANS AND ADVANCES (Unsecured, considered good)		
Prepaid expenses	**767,827**	191,742
Security deposits	**51,306,000**	28,700,000
Loans & Advances	**74,000**	-
Advance Income Tax & TDS (F.Y. 2006-07)	**66,860**	45,020
Fringe Benefit Tax (F.Y. 2006-07)	**24,055**	-
Service Tax Receivable (F.Y. 2007-08)	**7,477**	-
Advance Income Tax & TDS (F.Y. 2007-08)	**187,379**	-
Fringe Benfit Tax (F.Y. 2007-08)	**131,268**	-
	52,564,866	28,936,762
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
TDS Payable	**148,500**	91,499
Sundry creditors for Finance	**19,822,019**	-
Sundry creditors for Expenses	**450,566**	88,628
	20,421,135	180,127
Provisions		
Income Tax (F.Y. 2006-07)	**66,860**	66,860
Income Tax (F.Y. 2007-08)	**1,800,000**	-
Fringe Benefit Tax (F.Y. 2006-07)	**25,000**	25,000
Fringe Benefit Tax (F.Y. 2007-08)	**132,000**	-
	2,023,860	91,860
	22,444,995	271,987
SCHEDULE - I		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary expenses	**1,170,473**	720,473
Pre-operative expenses	**3,109,128**	3,109,128
	4,279,601	3,829,601
Less : Written off during the year	**4,279,601**	-
	-	3,829,601

A. K. Stockmart Private Limited

Schedules forming part of Proft & Loss Account for the year ended 31 March 2008

	Current Year Rupees	Previous Year Rupees
SCHEDULE - J		
PERSONNEL COST		
Salary,HRA,Conveyance & Bonus	**9,005,117**	-
	9,005,117	**-**
SCHEDULE - K		
SELLING,ADMINISTRATIVE AND OTHER EXPENSES		
Annual Subscription Charges	**107,000**	-
Bank Charges	**9,053**	-
Books & Periodical Expenses	**4,025**	-
Business Promotion Expenses	**1,040,024**	-
Demat Charges	**63,197**	-
Filing Fees	**9,528**	-
General Expenses	**95,563**	-
Insurance Expenses	**48,589**	-
Lease Line Charges	**120,834**	-
Postage & Telegram Expenses	**38,064**	-
Printing & Stationery Expenses	**154,152**	-
Processing Fees	**22,000**	-
Professional Fees	**230,700**	-
Rent,Rates & Taxes	**3,749**	-
Repairs & Maintenance Charges	**251,310**	-
SEBI Fees	**55,445**	-
Securities Transaction Tax	**187,939**	-
Software Expenses	**850,790**	-
Stamp Duty Charges	**319,490**	-
Telephone Expenses	**221,293**	-
Training & Development Expenses	**6,529**	-
Audit Fees	**5,000**	2,000
Transaction Charges	**4,838**	-
Travelling & Conveyance Expenses	**419,169**	-
VSAT Charges	**131,960**	-
	4,400,241	**2,000**

A. K. Stockmart Private Limited

SCHEDULE – L

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant accounting policies :

- **Basis of preparation of financial statements :** The Financial Statements have been prepared on the basis of historical cost convention on accrual basis, in accordance with the applicable accounting standards and on the basis of going concern.
- **Fixed Assets:** Fixed Assets are stated at cost less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.
- **Depreciation:** Depreciation on fixed assets has been provided on straight-line method on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.
- **Investments** : Investments are stated at cost.
- **Taxes on Income** : The Income Tax & Fringe Benefit Tax has been calculated and 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. 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 crystalize.
- **Miscellaneous Expenditure :** Expenses included under the head Miscellaneous Expenditure and Pre Operative Expenses are being fully written off in the year of commencement of operation.

B. Notes to accounts :

- **Auditors Remuneration** – Audit fees for the current year Rs. 5,000 and for the previous year is Rs. 2,000.
- Expenditure in foreign currency for the year ended 31/03/2008 is nil.
- Earnings in foreign currency for the year ended 31/03/2008 is nil.
- **Related Party Disclosure** : Holding Company - A. K. Capital Services Limited.

(Amount in Rupees)

Particulars	Transaction with related party	
	Current year	Previous year
Investments in share capital	**20,000,000**	39,100,000
Brokerage received	**1,549,328**	-
Interest received	**-**	81,240
Investment in share capital as at year end	**70,000,000**	50,000,000

- Figures have been rounded off to the nearest rupee.

Signature to schedules 'A' to 'L'

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

K. K. Jain
Proprietor
Membership No. 87379

Place : New Delhi
Date : 27 June 2008

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Aditi Mittal
Director

Paras Parikh
Company Secretary

Place : Mumbai
Date : 27 June 2008

A. K. Stockmart Private Limited

INFORMATION PURSUANT TO PART IV TO THE COMPANIES ACT, 1956 AS AMENDED TO THE EXTENT APPLICABLE FURNISHED BELOW

I. Registration Details

Registration No.	:	158932	State Code	:	55
Balance Sheet Date	:	31/03/2008			

II. Capital raised during the year (Amount in Rupees)

Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	20,000,000

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees)

Total Liabilities	:	93,191,188	Total Assets	:	93,191,188
Sources of Funds					
Paid up Capital	:	70,000,000	Reserves & Surplus	:	746,193
Secured Loans	:	Nil	Unsecured Loans	:	Nil
Application of Funds					
Net Fixed Assets	:	1,894,280	Investments	:	12,458,191
Net Current Assets	:	55,991,113	Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	Nil			

IV. Performance of Company (Amount in Rupees)

Turnover	:	20,091,069	Expenditure	:	17,921,249
Profit/Loss Before Tax	:	2,169,820	Profit/Loss after tax	:	640,429
Basic Earning per Share	:	0.09	Dividend rate %	:	Nil

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No. (ITC Code)	:	Not Applicable
Product Description	:	Stock Broking

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

K. K. Jain
Proprietor
Membership No. 87379

Place : New Delhi
Date : 27 June 2008

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Aditi Mittal
Director

Paras Parikh
Company Secretary

Place : Mumbai
Date : 27 June 2008

A. K. Capital Corporation Private Limited

DIRECTORS' REPORT

To
Dear Shareholders
A. K. Capital Corporation Private Limited

Your Directors are pleased to present the 2nd Annual Report together with the Audited Accounts for the financial year ended 31 March 2008.

FINANCIAL HIGHLIGHTS

Financial performance of the Company for the financial year ended 31 March 2008 is summarized below.

(Amount in Rupees)

Particulars	For the financial year ended 31 March 2008
Income	**1,757,712**
Profit before depreciation and interest	**1,330,485**
Profit before tax	**1,330,485**
Provision for tax	**415,297**
Profit after tax	**915,188**
Surplus carried to balance sheet	**938,943**

FUTURE BUSINESS PLAN

The Company is formed to carry on the business of Non-Banking Finance Company (NBFC) as permitted under the RBI Act. With the growing Indian Economy and capital market, the Directors foresee the robust growth of the Company business.

DIVIDEND

The Directors did not recommend any dividend for the financial year ended 31 March 2008.

DIRECTORS

None of the Directors retire by rotation.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanation relating to material departures, if any;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2008 and of the profit of the Company for the financial year ended 31 March 2008;
3. they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

AUDITORS AND AUDITORS REPORT

M/s Jangid & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the said Act.

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

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and research & development and technology absorption respectively are not applicable to the Company.

The Company has no foreign exchange earnings & outgo during the financial year ended 31March 2008.

DEPOSITS

During the financial year ended 31March 2008, the Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, and the rules thereunder.

PERSONNEL

None of the employees of the Company are in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENT

The Directors would like to express their sincere thanks for the co-operation received from banks and government authorities. The Directors places on record its gratitude to the Company's valued shareholders for their continued support and confidence in the Company

For and on behalf of the Board of Directors

Anshu
Chairperson

Mumbai, 10 May 2008

A. K. Capital Corporation Private Limited

AUDITORS' REPORT

To
The Members
A. K. Capital Corporation Private Limited

We have audited the attached Balance Sheet of A. K. Capital Corporation Private Limited as at 31 March 2008 and also the annexed Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our 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 whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956. We enclosed in the Annexure a statement on the matters specified in paragraphs 4 of the said order.
3. Further we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. In our opinion, proper books of account as required by the Companies Act, 1956 have been kept by the Company so far as it appears from our examination of the books;
   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with accounting standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956;
   e. On the basis of written confirmations received from the Directors and taken on record by the Board of Directors and according to the information and explanations given to us, none of the Directors of the Company are prima facie disqualified as at 31 March 2008 from being appointed as Directors of the Company in terms of clause (g) of Sub-section (1) of section 274 of the Act;
   f. In our opinion and to the best of our information and according to the explanations given to us, the accounts 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 the Balance Sheet, of the state of affairs of the Company as on 31 March 2008 and;
      ii. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
      iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Jangid & Associates
Chartered Accountants

Sajjan Agrawal
Partner
Membership No. 102586

Mumbai, 10 May 2008

A. K. Capital Corporation Private Limited

Balance Sheet as at 31 March 2008

	Schedule	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	**21,000,000**	21,000,000
Reserves and surplus	B	**938,943**	23,755
TOTAL FUNDS EMPLOYED		**21,938,943**	21,023,755
APPLICATION OF FUNDS			
Deferred tax assets		**109,703**	-
Current assets, loans and advances			
Cash and bank balances	C	**22,005,836**	20,626,407
Loans and advances	D	**356,522**	11,620
		22,362,358	20,638,027
Less : Current liabilites and provisions			
Current liabilities	E	**533,118**	17,712
Net Current Assets		**21,829,240**	20,620,315
Miscellaneous expenditure (To the extent not written off or adjusted)	F	**-**	403,440
TOTAL FUNDS UTILISED		**21,938,943**	21,023,755
Statement of significant accounting policies and notes forming an integral part of accounts	H		

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

Sajjan Agrawal
Partner
Membership No. 102586

Place : Mumbai
Date : 10 May 2008

For and on behalf of the Board of Directors

A. K. Mittal
Director

Anshu
Director

Place : Mumbai
Date : 10 May 2008

A. K. Capital Corporation Private Limited

Profit and Loss Account for the year ended 31 March 2008

	Schedule	Current Year Rupees	Previous Year Rupees
INCOME			
Interest received		**1,725,495**	51,781
Investment income		**32,217**	100,690
		1,757,712	152,471
EXPENDITURE			
Selling, Administrative and other expenses	G	**23,787**	15,756
Preliminary expenditure written off		**403,440**	100,860
		427,227	116,616
Profit before tax		**1,330,485**	35,855
Less : provision for taxation			
income tax		**525,000**	12,100
deferred Tax		**(109,703)**	-
		415,297	12,100
Profit after tax		**915,188**	23,755
Add : Balance brought forward from last year		**23,755**	-
Surplus carried to Balance Sheet		**938,943**	23,755
Statement of Significant accounting policies and notes forming an integral part of accounts	H		

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

Sajjan Agrawal
Partner
Membership No. 102586

Place : Mumbai
Date : 10 May 2008

For and on behalf of the Board of Directors

A. K. Mittal
Director

Anshu
Director

Place : Mumbai
Date : 10 May 2008

A. K. Capital Corporation Private Limited

Cash Flow Statement for the year ended 31 March 2008

		Current Year Rupees	Previous Year Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	**1,330,485**	**35,855**
	Adjustment for		
	Preliminary expenses	**403,440**	**100,086**
	Interest received	**(1,725,495)**	**(51,781)**
	Operating Profit / (Loss) before working capital changes	**8,430**	**84,934**
	Adjustments for Current Liabilities	**2,506**	**5,612**
	Cash flow from Operating activities	**10,936**	**90,546**
	Direct taxes paid	**(357,002)**	**(11,620)**
	Net cash from operating activities	**(346,066)**	**78,926**
B.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest received	**1,725,495**	**51,781**
	Proceeds from issue to share capital	-	**21,000,000**
	Deferred expenditure	**-**	**(504,300)**
	Net cash used in financing activities	**1,725,495**	**20,547,481**
	Net Increase/decrease,in cash and cash equivalents	**1,379,429**	**20,626,407**
	Cash and cash equivalents at the beginning of the year	**20,626,407**	**-**
	Cash and cash equivalents at the close of the year	**22,005,836**	**20,626,407**

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

Sajjan Agrawal
Partner
Membership No. 102586

Place : Mumbai
Date : 10 May 2008

For and on behalf of the Board of Directors

A. K. Mittal
Director

Anshu
Director

Place : Mumbai
Date : 10 May 2008

A. K. Capital Corporation Private Limited

Schedules forming part of Balance Sheet as at 31 March 2008

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
5,000,000 (previous year - 5,000,000) Equity shares of Rs. 10 each	**50,000,000**	50,000,000
	50,000,000	50,000,000
Issued, Subscribed and Paid up		
2,100,000 (previous year - 2,100,000) Equity shares of Rs. 10 each fully paid up	**21,000,000**	21,000,000
	21,000,000	21,000,000
SCHEDULE - B		
RESERVES AND SURPLUS		
Surplus as per Profit and Loss Account	**938,943**	23,755
	938,943	23,755
SCHEDULE - C		
CASH AND BANK BALANCES		
Cash in hand	**7,880**	-
Cash at Bank - In Current Account	**63,165**	586,246
Accrued interest on Fixed Deposit	**234,791**	40,161
Fixed Deposit with HDFC Bank	**21,700,000**	20,000,000
	22,005,836	20,626,407
SCHEDULE - D		
LOANS AND ADVANCES (Unsecured, considered good)		
Advance income tax / TDS (F.Y. 2006-07)	**1,070**	11,620
Advance income tax / TDS (F.Y. 2007-08)	**355,452**	**-**
	356,522	11,620
SCHEDULE - E		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry creditors	**8,118**	5,612
	8,118	5,612
Provisions		
Income Tax (F.Y. 2006-07)	**-**	12,100
Income Tax (F.Y. 2007-08)	**525,000**	-
	525,000	12,100
	533,118	17,712
SCHEDULE - F		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary expenses	**403,440**	504,300
Less : Written off during the year	**403,440**	100,860
	-	403,440

A. K. Capital Corporation Private Limited

Schedules forming part of Profit & Loss Account for the year ended 31 March 2008

	Current Year Rupees	Previous Year Rupees
SCHEDULE - G		
SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Audit fees	**8,118**	5,612
Filing fees	**5,000**	-
Printing & stationery expenses	**1,100**	499
Professional fees	**5,049**	5,622
Sundry expenses	**4,520**	4,023
	23,787	15,756

SCHEDULE - 'H'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant accounting policies:

1) **Basis of preparation of financial statements:**
The financial statements have been prepared on the basis of historical cost convention on an accrual basis,in accordance with the applicable accounting standards and on the basis of a going concern.

2) **Fixed assets:**
The Company was incorporated on 23/11/2006 and has not acquired any fixed assets till 31/03/08

3) **Depreciation:**
The Company has no fixed assets hence no depreciation is provided during the current year.

4) **Investments:**
The investments are valued at cost or market value which ever is less.

5) **Miscellaneous Expenditure:**
Expenses included under the head miscellaneous expenditure will be fully written off during the current year.

B. Notes to accounts :

1) **Auditors Remuneration** – Audit fees for the current year is Rs. 5,618 and for the previous year is Rs. 2,806.
2) Expenditure in foreign currency for the year ended 31/03/2008 is nil.
3) Earnings in foreign currency for the year ended 31/03/2008 is nil.
4) Figures have been rounded off to the nearest rupee.

Signatures to schedules 'A' to 'H'

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

Sajjan Agrawal
Partner
Membership No. 102586

Place : Mumbai
Date : 10 May 2008

For and on behalf of the Board of Directors

A. K. Mittal
Director

Anshu
Director

Place : Mumbai
Date : 10 May 2008

A. K. Capital Corporation Private Limited

INFORMATION PURSUANT TO PART IV TO THE COMPANIES ACT, 1956 AS AMENDED TO THE EXTENT APPLICABLE FURNISHED BELOW

I. Registration Details

Registration No.	:	165749	State Code	:	55
Balance Sheet Date	:	31/03/2008			

II. Capital raised during the year (Amount in Rupees)

Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees)

Total Liabilities	:	22,472,061	Total Assets	:	22,472,061
Sources of Funds					
Paid up Capital	:	21,000,000	Reserves & Surplus	:	938,943
Secured Loans	:	Nil	Unsecured Loans	:	Nil
Application of Funds					
Net Fixed Assets	:	Nil	Investments	:	Nil
Net Current Assets	:	21,829,240	Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	Nil			

IV. Performance of Company (Amount in Rupees)

Turnover	:	1,757,712	Expenditure	:	427,227
Profit before Tax	:	1,330,485	Profit after tax	:	915,188
Basic Earning per Share	:	0.44	Dividend rate %	:	Nil

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No. (ITC Code)	:	Not Applicable
Product Description	:	NBFC Services

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

Sajjan Agrawal
Partner
Membership No. 102586

Place : Mumbai
Date : 10 May 2008

For and on behalf of the Board of Directors

A. K. Mittal
Director

Anshu
Director

Place : Mumbai
Date : 10 May 2008

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE FY 2007-2008

Name of Subsidiary Company	A. K. Stockmart Private Limited	A. K. Capital Corporation Private Limited
Financial year ending of the Subsidiary	31 March 2008	31 March 2008
Date from which it became the subsidiary company	20 February 2006	29 January2007
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	7,000,000 equity shares	2,100,000 equity shares
Extent of holding	100%	100%
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 31 March 2008	Rs. 18,541,741	Rs. 915,188
b. Dealt with in the Holding Company Accounts for the financial year ended 31 March 2008	Rs. 1,549,328	-

DETAILS OF SUBSIDIARY COMPANY

(Amount in Rupees)

Particulars	A. K. Stockmart Private Limited	A. K. Capital Corporation Private Limited
Share Capital	70,000,000	21,000,000
Reserves and Surplus	746,193	938,943
Total Assets	93,191,188	22,472,061
Total Liabilities	93,191,188	22,472,061
Investments	12,458,191	-
Revenue	20,091,069	1,757,712
Profit Before Taxation	2,169,820	1,330,485
Provision for Taxation	1,529,391	415,297
Profit After Tax	640,429	915,188

PROXY

A. K. Capital Services Limited

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

Folio No…….. Client ID No. ……..

DP Name ……...…

DP ID No. ……...…

I/We _____ of _____

being a member/members of A. K. Capital Services Limited hereby appoint _____or failing him/her _____of _____ as my/our proxy to vote on my/our behalf at the 15th Annual General Meeting of the Company to be held on August 23, 2008 at 9.00 a. m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi – 110 030 and at any adjournment thereof.

Signed this _____ day of _____2008, by the said _____

Revenue Stamp 1 Rupee

Note: This proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. The proxy need not be a member of the Company.

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ATTENDANCE SLIP

A. K. Capital Services Limited

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

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

Folio No…….. Client ID No. ……..

DP ID No. ……...…

Name of the Shareholder / Proxy_____

Address _____

No. of shares held _____

I hereby record my presence at the 15th Annual General Meeting of the Company held on August 23, 2008 at 9.00 a.m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi – 110 030.

_____

Signature of the Shareholder / Proxy



A. K. Capital Services Limited

15TH ANNUAL REPORT
2007 - 2008

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