2019

ANNUAL REPORT

A. K. CAPITAL SERVICES LTD.

BUILDING BONDS

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CORPORATE INFORMATION

BOARD OF DIRECTORS OF A. K. CAPITAL SERVICES LIMITED

Subhash Chandra Bhargava
Non Executive Chairman (Independent Director)

A. K. Mittal
Managing Director

Deepak Mittal
Wholetime Director

Subhash Chandra Madan
Independent Director

Raghubinder Rai
Independent Director

Anshu
Non Executive Director

COMPANY SECRETARY

Niki Shingade (resigned on August 9, 2010)

Kanchan Singh (w.e.f. August 9, 2010)

AUDITORS

M/s Suresh Surana & Associates

BANKERS

Bank of India

Punjab National Bank

Allahabad Bank

HDFC Bank

Corporation Bank

REGISTRAR AND SHARE TRANSFER AGENT

Abhipra Capital Limited
Abhipra Complex, A-387, Dilkhush Industrial Area, G. T. Karnal Road, New Delhi - 110 033
Tel: +91 11 42390783, Fax: +91 11 42390830

REGISTERED OFFICE

Flat No. N, Sagar Apartments, 6 Tilak Marg, New Delhi - 110 001
Tel: +91 11 23381561, Fax: +91 11 23385189, Website: www.akcapindia.com

CORPORATE OFFICE

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

LOCATIONS OF A. K. CAPITAL SERVICES LIMITED

Ahmedabad	Hyderabad
Bangalore	Kolkata
Chennai	Mumbai
Delhi	Pune

DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present the 18th Annual Report of your Company with the Audited Accounts for the financial year 2010-11.

FINANCIAL HIGHLIGHTS

Standalone financial highlights of A. K. Capital Services Limited

(₹ in crore except per share data)

Particulars	Current year	Previous year
Total income	**156.63**	158.74
Profit before tax	**81.45**	80.00
Provision for taxes	**27.10**	25.75
Profit after tax	**54.34**	54.26
Net worth	**235.10**	185.91
Dividend including interim dividend	**3.96**	3.96
Earning per share (face value ₹ 10 per share)		
Basic (in ₹)	**82.34**	82.53
Diluted (in ₹)	**82.34**	82.53

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

(₹ in crore except per share data)

Particulars	Current year	Previous year
Total income	**166.40**	164.29
Profit before tax	**84.79**	82.99
Provision for taxes	**27.77**	26.83
Profit after tax & minority interest	**57.43**	56.14
Net worth	**243.02**	188.86
Earning per share (face value ₹ 10 per share)		
Basic (in ₹)	**87.02**	85.39
Diluted (in ₹)	**87.02**	85.39

FINANCIAL PERFORMANCE

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

AWARDS AND RECOGNITIONS

Your Company has won the 15th National Level "Entrepreneurship Excellence Award – for Development of Indian Bond Market". The conference empowering Indian SMEs - Vision 2020 was organized by the SME Chamber of India and India International Trade Centre (IITC-India) and, was supported by the Government of Maharashtra.

DIVIDEND ON EQUITY SHARES

Your Directors recommend a final dividend of 30 % i.e. ₹ 3 per equity share (face value of ₹ 10 per equity share) on 6,600,000 equity shares for the financial year 2010-11. The amount of dividend on equity shares and tax thereon aggregates to ₹ 2.30 crore.

The payment of the aforesaid dividend is subject to the approval of the Members to be obtained at the ensuing Annual General Meeting and shall be paid to all those equity shareholders whose names appear in the Register of Members as on September 14, 2011, Wednesday. The Register of Members and Share Transfer Books will remain closed from September 15, 2011, Thursday, to September 17, 2011, Saturday, both days inclusive. The Annual General Meeting of the Company is scheduled to be held on September 17, 2011, Saturday.

During the financial year 2010-11 the Company declared and paid an interim dividend of 30% i.e. ₹ 3 per equity share (face value of ₹ 10 per equity share). The total dividend including interim dividend for the financial year 2010-11 is 60% i.e. ₹ 6 per equity share (face value of ₹ 10 per equity share).

TRANSFER TO RESERVES

The Company proposes to transfer ₹ 6 crore to the General Reserve and retain ₹ 150.14 crore to the profit and loss account.

SUBSIDIARIES

The Company had three subsidiaries at the beginning of the financial year 2010-11 namely:

A. K. Stockmart Private Limited

A. K. Capital Corporation Private Limited

A. K. Capital Finance Private Limited

One subsidiary namely A. K. Wealth Management Private Limited has been acquired during the financial year 2010-11. Consequently, the total number of subsidiaries as on March 31, 2011 is four.

On consolidated basis, your Company posted consolidated revenue of ₹ 166.40 crore and a consolidated profit after tax (after minority interest) of ₹ 57.43 crore.

In terms of the general exemption granted by the Ministry of Corporate Affairs vide Circular No. 2/2011 dated February 8, 2011, the Board of Directors of the Company had at their meeting held on August 10, 2011 approved attaching the Consolidated Financials of all the Subsidiaries of the Company along with that of the Company.

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

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

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

DIRECTORS

In terms of relevant provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Subhash Chandra Bhargava and Mrs. Anshu, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the financial year 2010-11;
3. the Directors have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

VOLUNTARY DELISTING FROM DELHI STOCK EXCHANGE LIMITED (DSE)

Pursuant to resolution passed at the Board Meeting of the Company on November 1, 2010, and in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, the Company has voluntarily delisted its equity shares

from Delhi Stock Exchange Limited (DSE) with effect from March 4, 2011. The equity shares of the Company are and will continue to be listed on exchange having nationwide terminals, Bombay Stock Exchange Limited (BSE).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report for the financial year 2010-11 forms part of this Annual Report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a separate section on Corporate Governance forms part of this Annual Report.

A certificate from the Auditors of the Company M/s. Suresh Surana & Associates, Chartered Accountants, confirming the compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Annual Report.

AUDITORS

M/s. Suresh Surana & Associates, Chartered Accountants, (Firm Registration Number 121750W), 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 a confirmation from M/s. Suresh Surana & Associates, Chartered Accountants to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The observations and comments given by Auditors in this report read together with notes to accounts are self-explanatory and do not call for any further comments under Section 217 of the Companies Act, 1956.

PUBLIC DEPOSITS

The Company has neither accepted nor renewed any public deposits during the financial year 2010-11.

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

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

The Company has no foreign exchange earnings during the financial year 2010-11. The information on foreign exchange outgo is furnished in the Notes to Accounts – Schedule O, forming part of this Annual Report.

PARTICULARS OF EMPLOYEES

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

APPRECIATION

The Board of Directors take this opportunity to express their sincere appreciation for the support and co-operation from the government, regulators, stock exchanges, bankers, other statutory bodies, etc.

The Board of Directors also put on record their sincere appreciation of the hard work and commitments put in by the management and employees of the Company and thank them for another good year for the Company.

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Place : Mumbai
Date : August 10, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC SCENARIO & DEBT MARKET DEVELOPMENT

The Indian economy recovered relatively quickly from the financial crisis of 2008, but inflationary pressures emerged even in the early stages of the recovery in late 2009. The economy grew by 8.5% in the fiscal year 2010-11 due to significant reduction in industrial growth and moderation in services growth led to a notable slowdown in overall GDP growth to 7.8% in Q4 FY11. However, the headline inflation was over 9.0%, well above tolerance limits.

Persistent high inflation and the resultant rise in interest rates may further weigh upon the industrial investment and may also dampen consumer demand.

Globally, the momentum of recovery appears to be stalling amidst concern over high oil and commodity prices, the Middle East political strife, Japanese earthquake, sovereign debt problems in the Euro zone and the impasse on the fiscal and debt problems in the US.

A significant pick-up in exports, supported by a strategy of trade diversification in composition and direction, and strong software services exports, helped in moderating the Current Account Deficit (CAD) during 2010-11. Going forward, CAD is expected to remain manageable. However, risks to current account persist from a slowdown in global growth.

Liquidity conditions, though still in a deficit mode, have eased during the first quarter of 2011-12. The increase in deposit rates by banks helped deposit growth to pick-up, which eased the structural liquidity gap.

By taking a look on the ASIAN bond market dynamics, prior to the global crisis of 2008, the rapid growth in Asia's emerging domestic bond was due to the strong growth performance and favorable longer term prospects for the region.

However, with post crisis recovery, domestic bond issuance in most of the developing markets remains costly with series of anti-inflationary monetary stances adopted by the respective Central Banks to curb the inflationary pressure.

In India, the primary issuances in the corporate bond market increased to ₹ 172,138 crore in FY 2010-11 against ₹ 171,165 crore in FY 2009-10. (Source: Prime Database)

With rising interest rate scenario, successive transmission on bank's base lending rates, government's effort to tap the retail investors segment in to the bond market, more issuances are expected to hit the Indian bond market going forward.

The key role of the debt markets in the Indian Economy stems from the following reasons:

- Efficient mobilization and allocation of resources in the economy.
- Financing the development activities of the Government.
- Transmitting signals for implementation of the monetary policy.
- Facilitating liquidity management in tune with overall short term and long term objectives.

Since the Government Securities are issued to meet the short term and long term financial needs of the government, they are not only used as instruments for raising debt, but have emerged as key instruments for internal debt management, monetary management and short term liquidity management.

The returns earned on the government securities are normally taken as the benchmark rates of returns and are referred to as the risk free return in financial theory. The Risk Free rate obtained from the G-sec rates are often used to price the other non-govt. securities in the financial markets.

The benefits of an efficient Debt Market to the financial system and the economy are as under –

- Reduction in the borrowing cost of the Government and enable mobilization of resources at a reasonable cost.
- Provide greater funding avenues to public-sector and private sector projects and reduce the pressure on institutional financing.
- Enhanced mobilization of resources by unlocking illiquid retail investments like gold.
- Development of heterogeneity of market participants.
- Assist in development of a reliable yield curve and the term structure of interest rates.

The Retail Debt Market is set to grow tremendously in India with the broadening of the market participation and the availability of a wide range of debt securities for retail trading through the Exchanges.

The following are the trends, which will impact the Retail Debt Market in India in the near future:

- Expansion of the Retail Trading platform to enable trading in a wide range of government and non-government debt securities.
- Introduction of new instruments like STRIPS, G-Secs, with call and put options, securitised paper, etc.
- Development of the secondary market in Corporate Debt.

- Introduction of Interest Rate Derivatives based on a wide range of underlying in the Indian Debt and Money Markets.
- Development of the Secondary Repo Markets.

The Indian Debt Market foresees the markets growing in leaps and bounds in the near future, soon attaining global standards of safety, efficiency and transparency. This will truly help the Indian capital markets to attain a place of pride among the leading capital markets of the world.

OUR BUSINESS

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

The group consists of four subsidiaries and conducts its operations through a branch network of 8 offices in 8 cities of India. The Company diversified into number of financial service businesses by setting up subsidiaries. A. K. Capital conducts its business of stock broking, IPO distribution, third party product distribution and depository services through its subsidiary A. K. Stockmart Private Limited (AKSM). AKSM is SEBI registered NSE and BSE stock broker governed by SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and is SEBI registered Depository participant with CDSL. AKSM is also registered with SEBI Wholesale Debt Market Segment.

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

During the FY 2010-11 A. K. Wealth Management Private Limited (AKWM) became subsidiary of AKCSL. AKWM got registered with SEBI as Portfolio Management Service provider governed under SEBI (Portfolio Mangers) Regulations, 1993. The Portfolio management services will be provided by the group through AKWM.

FINANCIAL PERFORMANCE

Consolidated Financial Highlights

The consolidated total income was increased to ₹ 166.40 crore in FY 2010-11 as compared to ₹ 164.29 crore in FY 2009-10. The Profit after tax and minority interest was ₹ 57.43 in FY 2010-11 as compared to ₹ 56.14 crore in FY 2009-10. Basic EPS was ₹ 87.02 and Diluted EPS was ₹ 87.02 in FY 2010-11 as compared to ₹ 85.39 and ₹ 85.39 in FY 2009-10 respectively.

Standalone Financials

The merchant banking fees was ₹ 84.50 crore during FY 2010-11 as compared to ₹ 75.72 crore during FY 2009-10, registering growth of 11%. Merchant banking fee income primarily includes fund raising fees from clients, financial advisory fees and third party referral fees. High credit demand and increased business activity in the corporate sector due to economic recovery resulted in an increase in fees from corporate clients. Increased demand from corporates for raising funds from bond market also contributed in the rise in merchant banking fees of the Company.

Our treasury operation team manages the funds of the Company with an aim to optimize the yields and maintain the safety of the capital. The Company invests its surplus funds mostly into rated debt securities. The Investment income comprises of income from sale of investments acquired out of its surplus funds and/or to fulfill merchant banking obligations. Investment income for FY 2010-11 was ₹ 67.22 crore as compared to ₹ 80.34 crore in FY 2009-10. During the FY 2010-11 the debt securities was impacted by increase in interest rates.

The profit after tax for FY 2010-11 was ₹ 54.34 crore as compared ₹ 54.26 crore in FY 2009-10. A stable performance in FY 2010-11 by the Company even after the high interest rate and tight liquidity conditions demonstrates the Company's ability to perform across cycles in consistent manner and yet be able to convert growth opportunities into business whenever they re-emerge.

Employee expenses increased by 17% to ₹ 15.04 crore in FY 2010-11 from ₹ 12.83 crore in FY 2009-10. Employee expenses increased primarily due to addition of employees, annual increase in salaries. Administrative, selling and other expenses primarily include rent, taxes, lighting, advertisement and publicity, repairs and maintenance, professional fees, sub arrangers fees, etc. Administrative, selling and other expenses decreased by 7% to ₹ 49.01 crore in FY 2010-11 from ₹ 52.72 crore in FY 2009-10. The decrease in administrative, selling and other expenses was primarily due to overall cost reduction initiatives. There was reduction in rent expenses, traveling and conveyance expenses, legal and professional fees, etc. The income tax expenses (including wealth tax) increased by 5% to ₹ 27.10 crore in FY 2010-11 from ₹ 25.75 crore in FY 2009-10.

The Company has maintained a strong and liquid balance sheet. Equity share capital and reserves increased to ₹ 235.10 crore in FY 2010-11 from ₹ 185.91 crore in FY 2009-10 primarily due to ploughing back current year profits (after provision of proposed dividend)

back into the business. The Book Value per share rose to ₹ 356.22 in FY 2010-11 from ₹ 281.68 in FY 2009-10. The Current liabilities and provisions decreased to ₹ 83.95 crore in FY 2010-11 from ₹ 87.12 crore in FY 2009-10. During the year the gross block of fixed assets increased by ₹ 1.50 crore to ₹ 47.18 crore. The investment decreased to ₹ 144.52 crore in FY 2010-11 from ₹ 160.11 crore in FY 2009-10. The decrease was primarily due to decrease in investment in debt securities. The Debtors increased to ₹ 65.88 crore in FY 2010-11 from ₹ 4.48 crore in FY 2009-10. The Cash and bank balance decreased to ₹ 4.47 crore in FY 2010 -11 from ₹ 7.10 crore in FY 2009-10. The loans and advances increased to ₹ 96.82 crore in FY 2010-11 from ₹ 80.23 crore in FY 2009-10.

Outlook and Strategy

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

India is one of the largest emerging economies in the world. The country posted growth in GDP even during the global financial crises. Besides conventional mode of bank financing, the country requires innovative funding solutions to optimize cost of funds for growth of infrastructure and other key sectors. Banks and Financial Institutions would need to shore up their capital base through innovative capital structures to meet the ambitious disbursement targets. Bond markets would flourish to gain a lion's share in the Indian financial markets. The regulatory authorities such as Reserve Bank of India, Securities Exchange Board of India, etc have been proactively extending support to lay down regulatory framework and standards for smooth functioning of bond markets in the country. In FY 2010-11, the volume of primary market bond placements stood at ₹ 172,138.53 crore as against ₹ 171,165.46 crore in FY 2009-10 wherein the market share of AK Capital improved from 28.1% to 31.1% (Source: Prime database).

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

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

OPPORTUNITIES AND CHALLENGES

Opportunities

- It may be observed that size of debt markets is many times the size of equity markets in developed economies. Indian economy being one of largest emerging economy is certain to witness exponential growth in size and depth of bond markets.
- Introduction of screen based trading in debt securities would give impetus to growth of market size. Participation in fixed income securities that was largely restricted to institutional investors is percolating to the retail individual investors.
- Regulatory initiatives such as interest rate futures, online trading platform for corporate bonds, credit default swaps, repo in corporate bonds, standardization of disclosure norms have thrown a host of opportunities in terms of structuring of transactions as per requirements of varied investor segments.
- With evolution and transformation of the debt markets, number of new corporates are likely to raise debt through bond route and at the same time the investors' segments shall also expand exponentially to cater from institutions to retail investors.

Challenges

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

HUMAN RESOURCES

The Company recognizes that its success is deeply embedded in the success of the human resources. The Company has significantly scaled up its activities through investment in people and infrastructure. The Company nurtures employees as its critical assets through healthy working atmosphere that ensures equal opportunity for growth and challenge to all the employees. The Company believes in creating business leaders by employing best talent in the industry, providing opportunities, empowerment by delegations, training and taking care of their growth.

RISK MANAGEMENT

A. K. Capital Services Limited focuses on protecting the capital and having a healthy balance sheet. A. K. Capital Services Limited is a SEBI Registered Category I Merchant Banker and is governed by SEBI (Merchant Banking) Regulations, 1992. AK Capital conducts

the business of stock broking through its subsidiary, A. K. Stockmart Private Limited, which is governed by SEBI (Stock Brokers and Sub Brokers) Regulations, 1992. A. K. Stockmart Private Limited is a SEBI registered Depository participant with CDSL and also registered with SEBI Wholesale Debt Market Segment. AK Capital conducts non banking financing activities through its subsidiary, A. K. Capital Finance Private Limited, which is registered with Reserve Bank of India as Non Banking Finance Company not accepting public deposits. A. K. Wealth Management Private Limited, another subsidiary of AK Capital, is SEBI registered Portfolio Manager governed under SEBI (Portfolio Managers) Regulations, 1993.

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

AK CAPITAL'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealing with the shareholders, employees, the government and other parties.

AK Capital believes in adopting and adhering to the best recognised corporate governance practices and continuously benchmarking itself against each such practice. The Company understands and respects its fiduciary role and responsibility to shareholders and strives hard to meet their expectations.

At AK Capital, we create an environment to nurture good governance practices as per the standards defined under clause 49 of the Listing Agreement and to follow it in letter and spirit for achieving the highest level of transparency and accountability towards the shareholders of the Company.

BOARD OF DIRECTORS

The Company's Board of Directors are responsible for giving vision to the Company, supervising the affairs of the Company to achieve the growth targets and supervision of adherence of governance principles designed to assure the continued vitality of the Board and excellence in the execution of its duties.

Composition

The Board of Directors of the Company comprises of six Directors of which three are Non-Executive Independent Directors, two are Executive Directors and one is Non-Executive Director. The Chairman of the Company is a Non-Executive Independent Director and fifty percent of the total number of Directors are Non-Executive Independent Directors. The composition of the Board of Directors of the Company is in conformity with Clause 49 of the Listing Agreement of the stock exchange where the shares of the Company are listed.

None of the Directors on the Board is a member of more than ten committees and chairman of more than five committees, as specified under Clause 49 of the Listing Agreement, across all the public limited companies in which he/she is a Director.

The names and categories of the Directors on the Board, their relationship with other Directors and the number of their directorships and memberships in committees of public limited companies as on March 31, 2011 are as under:

Sr.	Name of Director	Category of Director	Relationship with other Director	Number of directorship	Committee position	
					Chairman/ chairperson	Member
1.	Mr. Subhash Chandra Bhargava	Chairman, Non-Executive Independent Director	None	11	1	4
2.	Mr. A. K. Mittal	Managing Director (Executive)	Husband of Mrs. Anshu	2	–	1
3.	Mr. Deepak Mittal	Whole time Director (Executive)	None	1	–	1
4.	Mr. Subhash C. Madan	Non-Executive Independent Director	None	1	1	–
5.	Mr. Raghubinder Rai	Non-Executive Independent Director	None	1	–	1
6.	Mrs. Anshu	Non-Executive Director	Wife of Mr. A. K. Mittal	2	1	–

Note 1 – The directorship held by the Directors, as mentioned above, are directorship in all public limited companies, whether listed or not and does not include directorship in all other companies including private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.

Note 2 – The committees considered for committee positions are Audit Committee and Shareholders Grievance Committee in public limited companies, whether listed or not.

Meetings

The Board meets at least once in a quarter to review the quarterly performance and financial results of the Company and the time gap between two Board Meetings is not more than four calendar months. The Company Secretary prepares a detailed agenda for the Board Meeting and circulates the board papers, agenda and other explanatory notes to the Directors in advance. The items in the agenda are supported by comprehensive background information to enable the Board to take appropriate decisions.

The Board of the Company met four times during financial year 2010-11 on May 8, 2010; August 4, 2010; November 1, 2010 and February 10, 2011. The attendance of the Directors at the Board Meetings and at the last Annual General Meeting are as under:

Sr.	Name of Director	Board Meetings attended	Attendance at the 17th Annual General Meeting held on September 4, 2010
1.	Mr. Subhash Chandra Bhargava	4	No
2.	Mr. A. K. Mittal	4	Yes
3.	Mr. Deepak Mittal	1	Yes
4.	Mr. Subhash C. Madan	4	Yes
5.	Mr. Raghubinder Rai	3	Yes
6.	Mrs. Anshu	4	Yes

DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Mr. Subhash Chandra Bhargava and Mrs. Anshu retire by rotation and being eligible; have offered themselves for re-appointment at the ensuing 18th Annual General Meeting of the Company. A brief resume of these Directors along with the nature of their expertise and details of other directorships, committee positions and the number of shares held by them in the Company has been disclosed and forms part of the notice convening the 18th Annual General Meeting of the Company.

CODE OF CONDUCT

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

Your Company has adopted Share Dealing Code for prevention and prohibition of insider trading for monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance and monitoring of trade. The Compliance Officer of the Company ensures compliance of the said Code by all the Directors, Senior Management Personnel and Employees likely to have access to price sensitive information.

AUDIT COMMITTEE

Composition

The Audit Committee of the Company comprises of three Directors of which two are Non-Executive Independent Directors and one is Executive Director. The Chairman of the Audit Committee is a Non-Executive Independent Director and all the Members are financially literate and 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.

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

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

The Company Secretary acts as the Secretary to the Audit Committee of the Company.

Terms of Reference

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

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

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

The terms of reference of the Audit Committee include all items listed under Clause 49 II (D) of the Listing Agreement. The Audit Committee has been granted powers as prescribed under Clause 49 II (C) of the Listing Agreement.

Meetings

The Audit Committee of the Company met four times during financial year 2010-11 on May 7, 2010; August 4, 2010; November 1, 2010 and February 10, 2011. Not more than four months had elapsed between two Audit Committee meetings. The details of attendance of Members in Audit Committee Meetings are as under:

Sr.	Name of the Member	Number of Audit Committee meetings attended
1.	Mr. Subhash C. Madan	4
2.	Mr. Raghubinder Rai	4
3.	Mr. A. K. Mittal	3

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

The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 4, 2010.

The minutes of the previous Audit Committee Meeting forms part of the agenda papers circulated for the Board Meeting and are placed before the Board.

REMUNERATION COMMITTEE

Composition

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

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

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

Terms of Reference

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

Remuneration Policy

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

Meetings

The Remuneration Committee of the Company met six times during financial year 2010-11 on April 1, 2010; June 30, 2010; August 3, 2010; August 27, 2010; September 30, 2010 and December 7, 2010. The details of attendance of members in Remuneration Committee Meetings are as under:

Sr.	Name of the Member	Number of Audit Committee meetings attended
1.	Mr. Raghubinder Rai	6
2.	Mr. Subhash C. Madan	6
3.	Mrs. Anshu	2

Remuneration to Non Executive Directors

The Company pays ₹ 10,000 towards sitting fees to all the Directors for every Board Meeting attended. The sitting fees paid/payable to Non Executive Directors for the financial year 2010-11 are as under:

Sr.	Name of the Director	Sitting Fees for the Board Meetings paid/payable for the financial year 2010-11 ₹
1.	Mr. Subhash Chandra Bhargava	40,000
2.	Mr. Subhash C. Madan	40,000
3.	Mr. Raghubinder Rai	40,000
4.	Mrs. Anshu	40,000

Remuneration to Executive Directors

Remuneration to Managing Director/Whole Time Director is fixed by Remuneration Committee which is subsequently approved by the Board of Directors and the Shareholders at a General Meeting. The Company pays ₹ 10,000 towards sitting fees to Executive Directors for every Board Meeting attended. Details of remuneration paid/payable to Managing Director and Whole Time Director for the financial year 2010-11 are as under:

Particulars	Mr. A. K. Mittal Managing Director ₹	Mr. Deepak Mittal Whole Time Director ₹
Salary and allowances	25,200,000	3,196,080
Sitting fees	40,000	10,000
Bonus	20,000,000	75,000
Perquisites and allowances	1,056,000	–
Total	**46,296,000**	**3,281,080**

Shareholding of Directors

The shareholding of the Directors as on March 31, 2011 are as under:

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

SHAREHOLDERS GRIEVANCE COMMITTEE

Composition

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

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

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

Terms of Reference

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

Meetings

The Shareholders Grievance Committee of the Company met eight times during financial year 2010-11 on April 22, 2010; May 31, 2010; August 4, 2010; August 20, 2010; January 17, 2011; February 2, 2011; February 16, 2011 and March 18, 2011.

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

Sr.	Name of the Member	Number of Shareholders Grievance Committee meetings attended
1.	Mrs. Anshu	8
2.	Mr. Deepak Mittal	8

Based on the report received from the Company's Registrar and Share Transfer Agent, the Company has received four complaints during the financial year 2010-11. All the complaints were redressed to the satisfaction of the shareholders. No complaints were pending unresolved as on March 31, 2011.

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

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

Address: A. K. Capital Services Limited, 30-39, Free Press House, 215, Nariman Point, Mumbai – 400 021

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

SUBSIDIARIES

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

Your Company has one material non listed Indian subsidiary whose turnover or networth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding financial year. Mr. Subhash C. Madan, Independent Director on the Board of A. K. Capital Services Limited (Holding Company) is also a Director on the Board of A. K. Capital Finance Private Limited (material non listed Indian subsidiary).

The Audit Committee of the Company reviews the financial statements and the investments made by these unlisted subsidiary companies. The minutes of the Board Meetings of all the unlisted subsidiary companies including non-material unlisted Indian subsidiary companies are placed at the Board Meeting of the Company. The management also periodically brings to the attention of the Board of Directors, a statement of all significant transactions and arrangements entered, if any, by all the unlisted subsidiary companies.

GENERAL BODY MEETINGS

The date, time and venue of the last three Annual General Meetings of the Company are as under:

Financial Year	Date	Time	Venue	No of Special resolutions passed
2009-10	September 4, 2010	9.00 a.m.	Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi	3
2008-09	September 5, 2009	9.00 a.m.	Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi	2
2007-08	August 23, 2008	9.00 a.m.	Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi	5

POSTAL BALLOT

One resolution was passed on December 28, 2010 through postal ballot pursuant to Section192 A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, in respect of following item:

Enhancement of investment/inter corporate loan including guarantee limits to ₹ 500 crore in subsidiary company(s)/associate company(s).

Mr. Aashish K. Bhatt, Practising Company Secretary was appointed as the scrutinizer for conducting the postal ballot process.

The notice dated November 1, 2010 was sent to the members and the last date for receipt of postal ballot forms was December 18, 2010. The Company had received 30 postal ballot forms. Based on the scrutinizers report, the resolution was passed with the requisite majority. The result of the postal ballot was declared on December 28, 2010 and was published on December 29, 2010 in Jansatta (Delhi) and Business Line (all editions).

The result of postal ballot as per the scrutinizer's report is as under:

Sr.	Particulars	No. of Postal Ballot Forms (shareholders)	No. of Votes (No. of Shares)
1.	Postal Ballot Forms received	30	4,158,279
2.	Less: Invalid Postal Ballot Forms	3	196,175
3.	Net Valid Postal Ballot Forms of which	27	3,962,104
	i. Postal Ballot Form with assent for the Resolution	27	3,962,104
	% to Assent	95.28%	95.28%
	ii. Postal Ballot Form with dissent for the Resolution	Nil	Nil
	% to Dissent	Nil	Nil

Resolution, if any, to be passed through postal ballot during the current financial year will be taken up as and when necessary.

DISCLOSURES

a. Related Party Transactions

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 disclosure of transactions with the related parties set out in Notes to Accounts – Schedule 'O', forming part of this Annual Report. All related party transactions are on arms length basis and are intended to further the interests of the Company.

b. Accounting Treatment

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

c. Risk Management

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

d. Other Disclosures

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year 2010-11, as required under Clause 49 of the Listing Agreement, is presented in a separate section forming part of this Annual Report.

CEO/CFO CERTIFICATION

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

SHAREHOLDER INFORMATION

Annual General Meeting

The 18th Annual General Meeting (AGM) will be held on September 17, 2011, Saturday, at 9.00 a.m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi – 110 030.

Financial year of the Company

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

Financial Calendar (2011-12)

Financial reporting for the first quarter ending June 30, 2011	-	before August 15, 2011*
18th Annual General Meeting	-	September 17, 2011
Financial reporting for the second quarter ending September 30, 2011	-	before November 15, 2011*
Financial reporting for the third quarter ending December 31, 2011	-	before January 15, 2012*
Financial reporting for the fourth quarter ending March 31, 2012	-	before May 15, 2012*

* The above dates are indicative.

Date of Book Closure

To determine the entitlement of the shareholders to receive the dividend, if any, for the financial year 2010-11, the Register of Members and Share Transfer Books will remain closed from September 15, 2011, Thursday, to September 17, 2011, Saturday, (both days inclusive) as well as for the purpose of AGM.

Dividend payment date

The payment of dividend, if any, shall be on or before October 15, 2011, Saturday.

DISTRIBUTION OF EQUITY SHAREHOLDING

Distribution schedule of Equity shareholding of the Company as at March 31, 2011 is as follows:

Category From		To	Number of Shareholders	% of total Shareholders	Total number of shares held	% of total Shareholding
1	-	2,500	1471	77.18	74,809	1.13
2,501	-	5,000	177	9.29	64,916	0.98
5,001	-	10,000	81	4.25	62,299	0.94
10,001	-	20,000	43	2.26	64,851	0.98
20,001	-	30,000	21	1.10	51,615	0.78
30,001	-	40,000	18	0.94	62,586	0.95
40,001	-	50,000	18	0.94	83,610	1.28
50,001	-	100,000	15	0.79	115,370	1.75
100,001	-	Above	62	3.25	6,019,944	91.21
		Total	**1,906**	**100.00**	**6,600,000**	**100.00**

Equity Shareholding pattern of the Company as at March 31, 2011 is as follows:

Category	Number of shares	% of total Shareholding
Promoter and promoter group		
Indian	3,872,226	58.67
Sub total (A)	**3,872,226**	**58.67**
Public		
FIIs	869	0.01
NRIs/Foreign Bodies Corporate	4,500	0.07
Mutual Funds/ UTI	230,741	3.50
Indian Bodies Corporate	960,779	14.56
Individual/HUF	1,496,309	22.67
Clearing Members	34,576	0.52
Sub total (B)	**2,727,774**	**41.33**
Total Shareholding (A) + (B)	**6,600,000**	**100.00**

COMPANY'S SHARE INFORMATION

Listing on stock exchange

The shares of the Company are listed on The Bombay Stock Exchange Limited (BSE). Pursuant to resolution passed at the Board Meeting of the Company on November 1, 2010, and in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, the Company has voluntarily delisted its equity shares from Delhi Stock Exchange Limited (DSE) with effect from March 4, 2011. The equity shares of the Company is and will continue to be listed on exchange having nationwide terminals, BSE.

(The requisite listing fees have been paid in full to all these Stock Exchanges)

Stock code

BSE - 530499

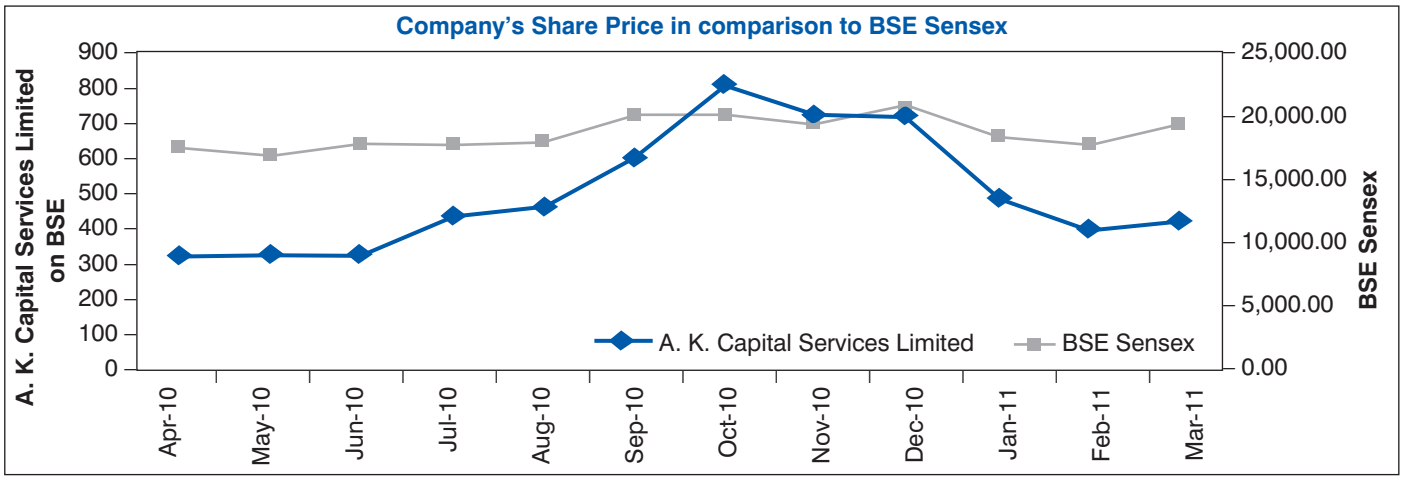
Demat ISIN numbers in NSDL and CDSL for equity shares

ISIN No. INE701G01012

STOCK PRICE DATA

Stock Price Data of the Company for the FY 2010-11 on BSE is as follows:

Month	High Price ₹	Low Price ₹
April 2010	357.00	260.00
May 2010	358.65	305.10
June 2010	349.00	320.00
July 2010	456.50	327.00
August 2010	524.95	440.00
September 2010	684.00	450.00
October 2010	868.00	603.10
November 2010	944.00	675.00
December 2010	823.00	660.00
January 2011	729.95	475.00
February 2011	538.95	385.00
March 2011	460.00	371.00



MEANS OF COMMUNICATION

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

b) Quarterly/Half Yearly and Annual Financial Results are published in English and Hindi newspapers.

c) Your Company files following informations, statements, reports on the Company's website:

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

(ii) Corporate Governance Report of the Company.

(iii) Shareholding Pattern of the Company.

SHARE TRANSFER SYSTEM

The Company's shares are compulsorily traded in dematerialized form. Transfers in physical form logged at the Registrar and Share Transfer Agent's office are processed within maximum period of 30 days, from the date of submission of all the required documents.

DEMATERIALIZATION OF SHARES

As on March 31, 2011, 97.07% of the paid-up Equity Share Capital of the Company was in dematerialized form.

PLANT LOCATIONS

Not Applicable

REGISTRAR AND SHARE TRANSFER AGENT

Abhipra Capital Limited
Abhipra Complex, A-387, Dilkhush Industrial Area,
G.T.Karnal Road, New Delhi – 110 033
Tel: +91 11 42390783
Fax: +91 11 42390830
email: rta@abhipra.com
website: www.abhipra.com

CORRESPONDENCE ADDRESS OF THE COMPANY

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

COMPLIANCE CERTIFICATE FROM THE AUDITORS

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

Place : Mumbai
Date : August 10, 2011

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 2010-11.

By the order of the Board of Directors

A. K. Mittal
Managing Director

Place : Mumbai
Date : August 10, 2011

ANNEXURE II

CEO AND CFO CERTIFICATION

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

1. We have reviewed financial statements and cash flow statement for the financial year 2010-11 and that to the best of our knowledge and belief:
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
   b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. 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.
3. 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.
4. We have indicated to the Auditors and the Audit Committee that there is:
   a) no significant change in internal control over financial reporting during the year,
   b) no significant change in accounting polices during the year under review and
   c) no instances of any fraud in the Company in which the management has any role.

A. K. Mittal	Vikas S Agarwal
Managing Director	Chief Financial Officer

Place : Mumbai
Date : August 10, 2011

ANNEXURE III
AUDITOR'S CERTIFICATE

To
The Members of
A. K. Capital Services Limited

We have examined the compliance of conditions of Corporate Governance by A. K. Capital Services Limited, for the financial year 2010-11, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : August 10, 2011

AUDITORS' REPORT

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

1. We have audited the attached balance sheet of A. K. Capital Services Limited ('the Company') as at March 31, 2011 and also the profit and 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.

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

3. As required by Companies (Auditor's report) Order, 2003 as amended by the Companies (Auditor's report) (Amendments) Order, 2004 (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as 'the Act') and on the basis of such checks, as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The balance sheet, 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 March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 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 March 31, 2011;

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

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

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

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : August 10, 2011

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 is in the process of updating records for its fixed assets to show full particulars including quantitative details and situation of its fixed assets.

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

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

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

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

   a) The Company has granted unsecured loan to its subsidiary company covered in the register maintained under Section 301 of the Act during the year. The maximum amount outstanding during the year was ₹ 4,534.39 lacs and year end balance was ₹ 2,001.48 lacs.

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

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

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

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

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

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

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

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

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

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

9. a) According to the information and the explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. There were no arrears in this respect as at March 31, 2011 for a period of more than six months from the date they became payable.

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

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

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

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

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

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

15. According to information and explanations given to us, the Company has 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 Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.

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

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

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

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

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

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : August 10, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	66,000,000	66,000,000
Reserves and surplus	B	2,285,038,654	1,793,118,739
		2,351,038,654	1,859,118,739
Loan funds			
Secured loans	C	315,387,179	179,943,804
Deferred tax liabilities (net)		25,675,306	18,327,151
TOTAL FUNDS EMPLOYED		**2,692,101,139**	**2,057,389,694**
APPLICATION OF FUNDS			
Fixed assets			
Gross block	D	471,807,736	456,839,417
Less : Depreciation		57,114,862	47,458,064
Net block		414,692,874	409,381,353
Investments	E	1,445,173,010	1,601,063,894
Current assets, loans and advances			
Sundry debtors	F	658,794,259	44,822,417
Cash and bank balances	G	44,706,895	70,972,303
Loans and advances	H	968,192,705	802,340,808
		1,671,693,859	918,135,528
Less : Current liabilities and provisions	I		
Current liabilities		86,796,528	187,696,843
Provisions		752,662,076	683,494,238
		839,458,604	871,191,081
Net current assets		832,235,255	46,944,447
TOTAL FUNDS UTILISED		**2,692,101,139**	**2,057,389,694**
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 : August 10, 2011

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Current Year ₹	Previous Year ₹
INCOME			
Merchant banking fees		845,044,131	757,236,994
Investment income	J	672,186,935	803,437,548
Interest income (tax deducted at source ₹ 1,736,812; previous year ₹ 1,595)		17,620,644	120,638
Other income	K	31,467,744	26,575,729
		1,566,319,454	**1,587,370,909**
EXPENDITURE			
Personnel cost	L	150,360,358	128,275,365
Administrative, selling and other expenses	M	490,064,717	527,192,574
Interest expenses	N	97,673,121	116,821,655
Depreciation / amortisation		13,757,065	15,040,288
		751,855,261	**787,329,882**
Profit before tax		814,464,193	800,041,027
Less : Provision for taxation:			
- current tax		263,500,000	250,000,000
- deferred tax		7,348,155	7,370,526
- wealth tax		173,046	110,500
		271,021,201	**257,481,026**
Profit after tax		543,442,992	542,560,001
Prior year tax adjustments		(5,422,489)	(129,695)
Deferred tax related to earlier years		-	(819,401)
Prior year adjustments (net)		-	2,196,007
Balance brought forward from previous year		1,069,529,779	632,052,887
Profit available for appropriation		**1,607,550,282**	**1,175,859,799**
APPROPRIATIONS			
Amount transferred to general reserve		60,000,000	60,000,000
Proposed dividend on equity shares		19,800,000	39,600,000
Interim dividend on equity shares		19,800,000	-
Dividend distribution tax		6,500,588	6,730,020
Surplus carried to balance sheet		1,501,449,694	1,069,529,779
		1,607,550,282	**1,175,859,799**
Basic earnings per share		82.34	82.53
Diluted earnings per share		82.34	82.53
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 : August 10, 2011

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

		Current Year ₹	Previous Year ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	**814,464,193**	**800,041,027**
	Adjustments for		
	Depreciation	13,757,065	15,040,288
	Loss/(profit) on sale of fixed assets	1,144,368	511,572
	Interest income on short term investments	(57,303,271)	(23,516,956)
	Interest income - others	(17,620,644)	(120,638)
	Interest expenses	97,673,121	116,821,655
	Profit on sale of current investments (net)	(609,639,610)	(776,142,312)
	Provision for diminution on current investment	-	2,397,185
	Dividend income on short term investments	(5,244,054)	(3,778,280)
	Deposits / bad debts written-off	11,030,405	23,874,741
	Prior period income / (expenses)	-	2,196,007
	Balances written back	(32,692)	(473,674)
	Operating profit before working capital adjustments	248,228,881	156,850,615
	Adjustments for		
	Trade and other receivables	(612,614,222)	(51,817,397)
	Trade payable and other trade liabilities	(98,651,396)	27,488,196
	Cash generated from operations	**(463,036,737)**	**132,521,414**
	Direct taxes paid	(232,245,978)	(284,101,922)
	Prior year expenses	-	(270,583)
	Net cash generated from operating activities	**(695,282,715)**	**(151,851,091)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(26,643,064)	(17,448,537)
	Sale of fixed assets	6,430,110	400,000
	(Purchase) / sale of investments (net)	765,530,494	198,214,602
	Advance for investments	69,300,000	92,225,000
	Loan advanced to subsidiary	(200,147,946)	-
	Dividend income on short term investments	5,244,054	3,778,280
	Interest income on short term investments	62,802,154	28,875,327
	Interest income - others	17,620,644	120,638
	Net cash generated from/(used in) investing activities	**700,136,446**	**306,165,310**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds/(repayment) of borrowings (net)	135,443,375	(30,121,532)
	Interest paid	(97,673,121)	(124,995,939)
	Dividend paid	(59,400,000)	(23,100,000)
	Dividend distribution tax paid	(10,018,553)	(3,925,845)
	Net cash generated from/(used in) financing activities	**(31,648,299)**	**(182,143,316)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(26,794,568)**	**(27,829,097)**
	Cash and cash equivalents at the beginning of the year	70,854,741	98,683,838
	Cash and cash equivalents at the end of the year	**44,060,173**	**70,854,741**
	Cash and cash equivalents at the end of the year comprise of:		
	Cash on hand	1,707,268	370,154
	Balances with banks in current accounts	41,498,743	69,889,509
	Balances with banks in unpaid dividend accounts	854,162	595,078
		44,060,173	**70,854,741**

Notes:-
1. Cash and cash equivalent is as per balance sheet except for fixed deposits not considered as cash and cash equivalent as the maturity date is beyond three months.
2. The above cash flow statement has been prepared under 'Indirect Method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statement' notified by Companies (Accounting Standards) Rules, 2006.

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 10, 2011

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
33,000,000 (previous year 33,000,000) Equity shares of ₹ 10 each	330,000,000	330,000,000
200,000 (previous year 200,000) Redeemable cumulative preference shares of ₹ 100 each	20,000,000	20,000,000
	350,000,000	**350,000,000**
Issued, subscribed and paid up		
6,600,000 (previous year 6,600,000) Equity shares of ₹ 10 each fully paid up	66,000,000	66,000,000
	66,000,000	**66,000,000**
SCHEDULE - B		
RESERVES AND SURPLUS		
General reserve		
As per last balance sheet	312,088,960	252,088,960
Transferred from profit and loss account	60,000,000	60,000,000
	372,088,960	312,088,960
Capital Reserve		
As per last balance sheet	67,500,000	–
Add: Forfeiture of amount received towards equity share warrants	–	67,500,000
	67,500,000	67,500,000
Securities premium		
As per last balance sheet	344,000,000	172,000,000
Add: Received during the year	–	172,000,000
	344,000,000	344,000,000
Surplus as per profit and loss account	1,501,449,694	1,069,529,779
	2,285,038,654	**1,793,118,739**
SCHEDULE - C		
SECURED LOANS		
Bank overdraft*	297,455,217	–
Term loan from a bank* (Repayable within one year ₹ Nil; previous year ₹ 31,428,564)	–	169,300,984
Vehicle loans from banks* (Repayable within one year ₹ 7,611,020; previous year ₹ 4,710,303)	17,931,962	10,642,820
	315,387,179	**179,943,804**

*Refer note B-2 of Schedule "O"

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE - D

FIXED ASSETS

(Amount in ₹)

ASSET DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Sales / adjustments	As at 31.03.2011	Up to 31.03.2010	For the year	Sales / adjustments	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Leasehold improvements	14,971,303	–	–	14,971,303	14,891,719	79,584	–	14,971,303	–	79,584
Office buildings	366,686,241	–	2,574,950	364,111,291	12,479,665	5,935,591	566,194	17,849,062	346,262,229	354,206,576
Machinery	369,060	–	–	369,060	261,469	17,532	–	279,001	90,059	107,591
Computer	9,829,644	2,647,161	–	12,476,805	7,306,513	1,224,734	–	8,531,247	3,945,558	2,523,131
Office equipment	10,737,806	1,162,854	–	11,900,660	2,049,017	811,793	–	2,860,810	9,039,850	8,688,789
Furniture and fixtures	18,590,593	1,620,880	–	20,211,473	2,952,406	1,234,795	–	4,187,201	16,024,272	15,638,187
Vehicles	33,260,921	21,212,169	9,099,795	45,373,295	6,652,829	3,655,086	3,534,073	6,773,842	38,599,453	26,608,092
Software	2,393,849	–	–	2,393,849	864,446	797,950	–	1,662,396	731,453	1,529,403
Total	**456,839,417**	**26,643,064**	**11,674,745**	**471,807,736**	**47,458,064**	**13,757,065**	**4,100,267**	**57,114,862**	**414,692,874**	**409,381,353**
Previous year	443,392,481	14,858,452	1,411,516	456,839,417	35,384,310	15,040,288	* 2,966,534	47,458,064	409,381,353	

Notes:

1. Office buildings includes premises on leasehold land having net block of ₹ 327,991,545 (as at 31.3.2010 ₹ 333,590,597)
2. Vehicles include vehicles hypothecated against loan taken having net block of ₹28,246,966 (as at 31.3.2010 ₹ 17,084,647)

*Refer note B - 11 of Schedule 'O'.

SCHEDULE - E

INVESTMENTS

	Face Value ₹	As at 31.03.2011 Numbers	As at 31.03.2011 ₹	As at 31.03.2010 Numbers	As at 31.03.2010 ₹
Non trade, Quoted (fully paid up) - Current					
Equity shares					
Shamken Spinners Limited	10	8,500	9,010	8,500	9,010
ABG Shipyard Limited	10	–	–	453,697	113,424,248
ERA Infra Engineering Limited	2	–	–	10	1,972
Dewan Housing Finance Corp Limited	10	–	–	164,612	29,499,025
Hindustan Construction Co. Ltd.	1	–	–	185,976	24,562,340
IRB Infrastructure Development Limited	10	–	–	112,389	28,325,108
Jaiprakash Associates Limited	2	–	–	209,359	28,386,349
Lanco Infratech Limited	1	–	–	170,000	7,792,915
Mercator Lines Limited	1	–	–	191,198	10,608,894
Orbit Corporation Limited	10	–	–	45,504	12,129,335
Bonds					
11% Dewan Housing Finance Corporation Ltd	100,000	7,500	698,775,000	–	–
10.25% Shriram Transport Finance Company Limited 2015	100,000	–	–	2	191,740
10.25% Shriram Transport Finance Company Limited 2015	100,000	–	–	132	12,417,240
10.80% The Lakshmi Vilas Bank 2015	1,000,000	–	–	11	11,127,600
11% Shriram Transport Finance Company Limited	1,000	–	–	830	830,000
11.50% Magma Fincorp Limited 2015	1,000,000	–	–	40	40,000,000
8.64% Tamilnadu Electricity Board 2020	1,000,000	–	–	86	86,000,000
8.65% Industrial Development Bank of India Limited 2025	1,000,000	–	–	2	2,007,600
8.90% Punjab National Bank	1,000,000	–	–	1	989,442
8.92% UCO Bank 2020	1,000,000	–	–	7	6,980,358
8.95% Damodar Valley Corporation 2017	1,000,000	–	–	190	19,000,000
9.19% Great Eastern Shipping Company Limited 2018	1,000,000	–	–	5	4,995,000
9.25% Industrial Development Bank of India Limited 2014	1,000,000	–	–	4	3,972,080
9.50% Delhi Transco Limited 2016	100,000	–	–	21	2,100,000

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE - E *(contd.)*	Face Value ₹	As at 31.03.2011		As at 31.03.2010	
		Numbers	₹	Numbers	₹
9.50% Delhi Transco Limited 2017	100,000	–	–	11	1,100,000
9.50% Delhi Transco Limited 2018	100,000	–	–	150	15,000,000
9.50% Delhi Transco Limited 2019	100,000	–	–	230	23,000,000
9.50% Delhi Transco Limited 2020	100,000	–	–	230	23,000,000
9.50% Delhi Transco Limited 2021	100,000	–	–	250	25,000,000
9.50% Delhi Transco Limited 2024	100,000	–	–	230	23,000,000
9.50% Delhi Transco Limited 2025	100,000	–	–	230	23,000,000
			698,784,010		578,450,256
Non trade, Unquoted (fully paid up) - Current					
Mutual funds					
LICMF Liquid Fund - Dividend Plan	10	–	–	4,098,643	45,003,513
Peerless Ultra Short Term Fund - Super Institutional Daily Dividend	10	–	–	50,005,612	500,061,125
			–		545,064,638
Trade, Unquoted - long term					
Equity shares					
- in subsidiaries					
A. K. Stockmart Private Limited (Wholly owned)	10	12,000,000	120,000,000	12,000,000	120,000,000
A. K. Capital Corporation Private Limited (Wholly owned)	10	2,100,000	21,000,000	2,100,000	21,000,000
A. K. Capital Finance Private Limited	10	4,648,740	514,874,000	2,648,740	264,874,000
A. K. Wealth Management Private Limited (Wholly owned)	10	2,250,000	22,500,000	–	–
			678,374,000		405,874,000
- in others					
A. K. Wealth Management Private Limited	10	–	–	8,000	80,000
Intelligroup Advisors Private Limited	10	4,600	46,000	4,600	46,000
A. K. Capital Retail Private Limited	10	1,000	10,000	1,000	10,000
A. K. Commodities Private Limited	10	3,000	30,000	3,000	30,000
A. M. Care Limited	10	100	1,000	100	1,000
Sunrise Corporate Services Limited	10	100,000	1,000,000	100,000	1,000,000
Nessa Leisure Limited	10	350,000	57,050,000	–	–
India Bond Private Limited	10	800	8,000	800	8,000
Non trade, unquoted - long term					
Units of Urban Infrastructure Opportunities Fund	100,000	70	9,870,000	500	70,500,000
			68,015,000		71,675,000
TOTAL			**1,445,173,010**		**1,601,063,894**
Aggregate value of quoted investments					
Equity			9,010		254,739,196
Bond			698,775,000		323,711,060
Aggregate value of unquoted investments			746,389,000		1,022,613,638
Market value of quoted investments					
Equity			9,010		264,189,430
Bonds*			698,775,000		323,711,060

Notes:

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	–	–
Other debts	658,794,259	44,822,417
	658,794,259	**44,822,417**
SCHEDULE - G		
CASH AND BANK BALANCES		
Cash on hand	1,707,268	370,154
Balances with scheduled banks:		
– in current accounts	41,498,743	69,889,509
– in Fixed deposit	646,722	117,562
(lying with bank against margin money ₹ 521,825; previous year ₹ 117,562)		
– in unpaid dividend accounts	854,162	595,078
	44,706,895	**70,972,303**
SCHEDULE - H		
LOANS AND ADVANCES (Unsecured, considered good)		
Loan given to subsidiary	200,147,946	–
(including accrued interest and due ₹ 147,946, previous year ₹ Nil)*		
Advances recoverable in cash or in kind for value to be received	4,472,233	20,058,767
Deposits**	62,653,405	65,486,409
Advance against investments	–	69,300,000
Advance tax and tax deducted at source	700,919,121	647,495,632
(including fringe benefit tax paid ₹ 15,642,731; previous year ₹ 15,642,731)		
	968,192,705	**802,340,808**
*Refer note B-15 of Schedule "O"		
**Refer note B-16 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-18 of Schedule "O")	–	–
(b) total outstanding dues of creditors other than micro, and small enterprises	28,950,729	110,047,503
Other liabilities	21,354,064	41,416,589
Deposits	35,640,000	35,640,000
Investor Education and Protection Fund shall be credited by following amount (as and when due)		
- Unpaid dividend*	851,735	592,751
	86,796,528	**187,696,843**
*During the year, ₹ 24,834 has been credited into Investor Education and Protection Fund under Section 205C of the Companies Act, 1956. There are no dues as at March 31, 2011 which needs to be credited into Investor Education and Protection Fund.		
Provisions		
For income tax	707,500,000	617,400,000
For fringe benefit tax	14,630,389	14,630,389
For wealth tax	658,632	485,586
For retirement benefits	6,861,000	4,648,243
For proposed dividend	19,800,000	39,600,000
For dividend distribution tax	3,212,055	6,730,020
	752,662,076	**683,494,238**
	839,458,604	**871,191,081**

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Current Year ₹	Previous Year ₹
SCHEDULE - J		
INVESTMENT INCOME		
Profit on sale of current investments (net) - non trade	609,639,610	776,142,312
Interest income on current investments - non trade	57,303,271	23,516,956
(Tax deducted at source ₹ 527,310 ; previous year ₹ 2,169,431)		
Dividend income on current investments - non trade	5,244,054	3,778,280
	672,186,935	**803,437,548**
SCHEDULE - K		
OTHER INCOME		
Rent income	31,328,710	8,881,668
Other income	139,034	17,694,061
	31,467,744	**26,575,729**
SCHEDULE - L		
PERSONNEL COST		
Salaries, bonus and allowances	147,776,357	123,790,008
Contribution to provident and other funds	159,337	44,856
Staff welfare expenses	2,424,664	4,440,501
	150,360,358	**128,275,365**
SCHEDULE - M		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Traveling and conveyance expenses	12,502,124	16,066,272
Rent expenses	68,335,189	78,956,350
Rates and taxes	2,298,630	830,609
Electricity expenses	3,934,040	3,605,317
Auditor's remuneration	362,000	183,100
Communication charges	4,636,847	3,624,831
Books and subscription expenses	1,015,915	922,074
Printing and stationary expenses	10,059,539	7,687,291
Conference and AGM expenses	921,827	1,364,183
Legal and professional fees	65,085,182	74,011,619
Bank charges and processing fees	1,469,165	1,405,887
Repairs and maintenance		
- Building	11,238,618	8,558,178
- Others	3,784,888	3,294,485
Loss on sale of fixed assets (net)	1,144,368	511,572
Provision for diminution on current investment	-	2,397,185
Service tax and securities transaction tax	1,619,694	9,036,618
Directors sitting fees	210,000	210,000
Deposits / bad debts written-off	11,030,405	23,874,741
Software expenses	477,497	122,728
Advertisement expenses	18,581,368	16,351,197
Business promotion expenses	21,554,638	22,784,387
Incentive expenses	12,593,475	15,519,364
Sub arranger fees	234,984,247	234,000,000
Miscellaneous expenses	2,225,061	1,874,586
	490,064,717	**527,192,574**
SCHEDULE - N		
INTEREST EXPENSES		
On fixed loans	17,836,778	22,364,188
On others	79,836,343	94,457,467
	97,673,121	**116,821,655**

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 'O'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

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

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

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 / amortisation:**

   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.

   Software is amortised over a period of 3 years.

   Leasehold improvements are amortised over the lease period.

5. **Investments:**

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

   b) Current investments are valued at lower of cost or 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.

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

   Interest income is recognised on accrual basis.

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

   Rent income is recognised on accrual basis.

7. **Transaction in foreign currencies:**

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

8. **Retirement benefits:**

   a) Defined contribution plans

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

   b) 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.

   c) 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:**

   a) 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.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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

10. Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the 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 profit and loss account 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. **Contingent liabilities not provided for:**

   Guarantee given by bank on behalf of the Company ₹500,000 (previous year ₹100,000).

2. a) Term loan is secured by equitable mortgage of the Company's immovable property comprising of land and buildings and other structures, machinery and plant and other fixtures and fittings erected or installed thereon (both present and future), situated at 8th Floor (Part), Mafatlal Centre, Nariman Point, Mumbai 400 021.

   b) Vehicle loans are secured by hypothecation of vehicles purchased against the said loan.

   c) Bank overdraft is secured against pledge of debt securities and personal guarantee of two directors of the Company.

3. Quantitative details of investments purchased and sold during the year:

Sr. No.	Particulars	Current Year		Previous Year	
		Quantity Numbers	Cost ₹	Quantity Numbers	Cost ₹
1.	Liquid Fund Units	1,300,657,807	13,853,800,000	326,159,276	4,515,500,000
2.	Bonds	1,613,480	92,684,799,488	580,395	55,203,735,037
3.	Equity Shares	8,523,353	760,909,034	22,378,117	3,607,743,761

4. **Leases**

   a) Where the Company is lessee:

   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. Lease period varies from 22 months to 45 months.

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

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Not later than one year	5,829,600	–
Later than one year but less than five year	971,600	–

The amount of lease payments with respect to the above lease recognised in the profit and loss account for the year is ₹ 1,943,200 (previous year ₹ 60,231,600)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

b) Where the Company is lessor:

The Company has given office premises on an operating lease, disclosure in respect of which are as under:

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Gross block	343,500,152	343,500,152
Accumulated depreciation	15,508,607	9,909,555
Depreciation recognized in the profit and loss account for the year	5,599,052	5,599,052
Accumulated impairment loss upto year end	–	–
Impairment losses for the year / Impairment losses reversed for the year	–	–

The future minimum lease payments receivable are as follows:

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Not later than one year	22,131,290	31,328,710
Later than one year but less than five year	–	22,131,290

5. a) Pursuant to provisions of the Share Subscription and Shareholders' Agreement dated September 11, 2007, the Company had allotted on April 13, 2009, 800,000 equity shares of ₹10 each as fully paid up for cash at a premium of ₹215 per equity share by converting 800,000 6% Convertible cumulative preference shares (CCPS) of ₹ 225 each to First Rand (Ireland) Public Limited Company, a company incorporated under the laws of Ireland.

b) The Company had allotted on October 13, 2007, 3,000,000 equity share warrants at ₹225 each to the promoter group and others. An amount equivalent to 10% of the subscription amount was received as application money. Each equity share warrant was convertible into 1 (one) equity share of ₹ 10 each at a premium of ₹215 per equity share within a period of 18 months from the date of allotment. The balance amount was payable at the time of conversion of equity share warrants.

3,000,000 Equity share warrants issued on preferential basis to the promoter group and others on October 13, 2007 had lapsed during the previous year, due to non-exercise of warrants. An amount equivalent to 10% of the subscription amount which was received as application money (upfront money) on the above Equity share warrants amounting to ₹ 67,500,000 was forfeited by the Company in the previous year and credited to Capital Reserve Account.

6. **Related party disclosure:**

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

Subsidiaries	A. K. Stockmart Private Limited (Wholly owned)
	A. K. Capital Corporation Private Limited (Wholly owned)
	A. K. Capital Finance Private Limited
	A. K. Wealth Management Private Limited (Subsidiary w.e.f. May 12, 2010) (Wholly owned)
Enterprise on which key management personnel or their relatives have significant influence	India Bond Private Limited (w.e.f. June 23, 2009)
Key management personnel	Mr. Atul Kumar Mittal
	Mr. Deepak Mittal
Relative of key management personnel	Mrs. Anshu
	Mr. Abhinav Kumar Mittal

Notes:

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

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

b) **Transactions with related parties:**

Particulars	Current Year ₹	Previous Year ₹
Investments in share capital		
A. K. Stockmart Private Limited	–	50,000,000
A. K. Capital Finance Private Limited	250,000,000	250,000,000
A. K. Wealth Management Private Limited	22,420,000	–
India Bond Private Limited	–	8,000
Inter corporate deposits given		
A. K. Capital Finance Private Limited	650,000,000	–
Inter corporate deposits received back		
A. K. Capital Finance Private Limited	450,000,000	–
Interest received		
A. K. Capital Finance Private Limited	17,304,112	–
Remuneration to Directors (including perquisites)		
A. K. Mittal	46,296,000	37,530,000
Deepak Mittal	3,281,080	7,649,480
Brokerage paid		
A. K. Stockmart Private Limited	1,723,467	7,231,679
Rent paid		
A. K. Mittal	4,728,000	3,490,000
Anshu	3,528,000	3,490,000
Abhinav Kumar Mittal	5,169,600	5,169,600
Rent deposit given outstanding as at year end		
A. K. Mittal	16,250,000	11,450,000
Anshu	7,450,000	7,450,000
Abhinav Kumar Mittal	11,962,000	11,962,000
Advances Recoverable in Cash or in Kind or for value to be received as at year end		
A. K. Capital Finance Private Limited	200,147,946	–
Payables as at year end		
A. K. Mittal	10,000	10,000
Deepak Mittal	6,910	10,000
Anshu	9,000	9,000

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

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

		Gratuity (Unfunded)	
		Current Year ₹	Previous Year ₹
a)	**Change in present value of obligation**		
	Present value of obligation as at beginning of the year	4,648,243	3,298,435
	Interest cost	371,859	263,875
	Service cost	1,294,903	783,345
	Benefits paid	–	–
	Actuarial (gain)/loss on obligation	545,995	302,588
	Present value of obligation as at year end	6,861,000	4,648,243
b)	**Amount recognized in the Balance Sheet**		
	Present value of obligation, as at year end	6,861,000	4,648,243
	Fair value of plan assets as at year end	–	–
	Net liabilities recognized in the Balance Sheet	6,861,000	4,648,243
c)	**Expense recognized during the year**		
	Current service cost	1,294,903	783,345
	Interest cost	371,859	263,875
	Expected return on plan assets	–	–
	Net Actuarial (gain)/loss to be recognized	545,995	302,588
	Net periodic cost	2,212,757	1,349,808
d)	**Assumptions used in accounting for the gratuity plan**	**% (p.a.)**	**% (p.a.)**
	Mortality rate	LIC (1994-96)	LIC (1994-96)
	Discount rate	8.00	8.00
	Salary escalation rate	5.00	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.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Deferred tax liability on account of		
Depreciation	27,901,357	20,269,138
Less: Deferred tax assets		
Gratuity	2,226,051	1,544,146
Diminution in the value of current investments	–	397,841
Deferred tax liability (net)	25,675,306	18,327,151

9. **Segment information:**

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

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

Particulars	Current Year	Previous Year
Net profit after tax available for equity share holder (₹)	543,442,992	542,560,001
Weighted average number of equity shares outstanding at the year end (No.)	6,600,000	6,573,699
Basic and diluted earnings per share (₹)	82.34	82.53
Nominal value of share (₹)	10	10

11. a) **Prior year expenses comprises of :**

Particulars	Current Year ₹	Previous Year ₹
Prior period income		
Depreciation [Refer note (b) below]	–	2,466,590
Total (A)	**–**	**2,466,590**
Prior period expense		
Interest expense	–	270,583
Total (B)	**–**	**270,583**
Net prior period income (A) – (B)	**–**	**2,196,007**

b) In the earlier years, the Company had erroneously charged excess depreciation on various fixed assets aggregating to ₹ 2,466,590 which has been rectified in the previous year and has been appropriately disclosed as prior year adjustment in the financial statements.

12. 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'.

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

Particulars	Current Year ₹	Previous Year ₹
Traveling expenses	–	1,480,950
Business promotion expenses	–	470,912
	–	**1,951,862**

14. **Directors remuneration:**

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

Particulars	Current Year ₹	Previous Year ₹
Salaries, bonus and allowances	48,521,080	44,199,480
Perquisites	1,056,000	980,000
	49,577,080	**45,179,480**

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Notes:

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

ii. As the 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.

15. During the year, the Company has given loan to a subsidiary company (i.e A. K. Capital Finance Private Limited) amounting to ₹ 650,000,000. The maximum balance outstanding during the year was ₹ 453,439,726 and year end outstanding balance was ₹200,147,946.

16. Deposits include amount aggregating to ₹ 23,700,000 (previous year ₹ 18,900,000) given to directors of the Company as security deposit towards premises taken on rent. Maximum balance outstanding during the year ₹ 23,700,000 (previous year ₹ 18,900,000).

17. **Auditor's remuneration:**

Particulars	Current Year ₹	Previous Year ₹
Audit fees	190,000	111,000
Tax audit fees	30,000	24,000
Certification fees	142,000	48,100
	362,000	**183,100**

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

19. 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.

20. 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.

21. 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 : August 10, 2011

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	**Registration details**		
	Registration No.	:	055524
	Balance Sheet Date	:	March 31, 2011
	State Code	:	55
II.	**Capital raised during the year**	**:**	**(Amount in ₹ Thousands)**
	Public issue	:	Nil
	Rights issue	:	Nil
	Bonus issue	:	Nil
	Private placement	:	Nil
III.	**Position of mobilisation and deployment of funds**	**:**	**(Amount in ₹ Thousands)**
	Total liabilities	:	3,531,560
	Total assets	:	3,531,560
	Sources of funds		
	Paid-up capital	:	66,000
	Equity share warrants	:	–
	Reserves and surplus	:	2,285,039
	Secured loans	:	315,387
	Unsecured loans	:	–
	Deferred tax liability(net)	:	25,675
	Application of funds		
	Net fixed assets (including capital work-in-progress)	:	414,693
	Investments	:	1,445,173
	Net current assets	:	832,235
	Miscellaneous expenditure	:	–
	Accumulated losses	:	–
IV.	**Performance of Company**	**:**	**(Amount in ₹ Thousands)**
	Turnover / Income	:	1,566,319
	Total expenditure	:	751,855
	Profit before tax	:	814,464
	Profit after tax	:	543,443
	Basic earnings per share in ₹ (Face value ₹10 per share)	:	82.34
	Diluted earnings per share in ₹ (Face value ₹10 per share)	:	82.34
	Dividend rate (%)	:	Interim dividend at 30% Final dividend at 30%
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 Board of Directors of
A. K. CAPITAL SERVICES LIMITED

1. We have audited the attached consolidated balance sheet of A. K. Capital Services Limited and its subsidiaries (the 'Group') as at March 31, 2011, 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, A. K. Capital Corporation Private Limited, A. K. Capital Finance Private Limited and A. K. Wealth Management Private Limited (w.e.f May 12, 2010), whose financial statements reflect total assets of ₹ 999,741,817 as at March 31, 2011, total revenue of ₹108,984,744 and net cash inflows amounting to ₹ 94,399,555 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' notified under the Companies (Accounting Standards) Rules, 2006.

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

   a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;

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

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

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

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : August 10, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	66,000,000	66,000,000
Reserves and surplus	B	2,364,172,200	1,822,601,817
		2,430,172,200	1,888,601,817
Minority Interest		21,555,958	6,514,869
Loan funds			
Secured loans	C	315,387,179	179,943,804
Deferred tax liabilities (net)		26,139,880	18,463,433
TOTAL FUNDS EMPLOYED		**2,793,255,217**	**2,093,523,923**
APPLICATION OF FUNDS			
Fixed assets			
Gross block	D	482,314,791	462,557,476
Less : Depreciation		61,452,511	49,445,561
Net block		420,862,280	413,111,915
Goodwill on consolidation		8,756,790	-
Investments	E	1,324,564,747	1,276,680,421
Current assets, loans and advances			
Inventories		8,947,389	261,794,935
Sundry debtors	F	673,129,321	76,323,296
Cash and bank balances	G	185,977,190	117,605,378
Loans and advances	H	1,038,740,922	842,562,481
		1,906,794,822	1,298,286,090
Less : Current liabilities and provisions	I		
Current liabilities		103,071,354	193,058,210
Provisions		764,652,068	701,496,293
		867,723,422	894,554,503
Net current assets		1,039,071,400	403,731,587
TOTAL FUNDS UTILISED		**2,793,255,217**	**2,093,523,923**
Significant accounting policies and notes to accounts	P		

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 : August 10, 2011

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Current year ₹	Previous year ₹
INCOME			
Merchant banking fees		845,044,131	757,236,994
Brokerage and fees income		26,090,744	26,242,354
Investment income	J	728,166,436	814,494,970
Interest income		5,202,291	1,673,888
(Tax deducted at source ₹ 425,307; previous year ₹ 156,920)			
Income from trading in shares and securities	K	26,873,767	16,306,518
Other income	L	32,620,395	26,898,774
		1,663,997,764	**1,642,853,498**
EXPENDITURE			
Personnel cost	M	190,332,927	139,815,794
Administrative, selling and other expenses	N	504,193,604	540,036,296
Interest expenses	O	105,445,023	116,856,972
Depreciation / amortisation		16,107,217	16,234,814
		816,078,771	**812,943,876**
Profit before tax		**847,918,993**	**829,909,622**
Less : Provision for taxation			
- current tax		269,865,000	260,725,000
- deferred tax		7,676,446	7,456,595
- wealth tax		173,046	110,500
		277,714,492	**268,292,095**
Profit after tax and before prior year adjustments and minority interest		570,204,501	561,617,527
Prior year tax adjustments		(5,125,529)	(154,077)
Deferred tax relating to earlier years		–	(819,401)
Prior period income / (expenses) - net (Refer note 12 of Schedule"P")		–	2,196,007
Profit after tax, before minority interest		565,078,972	562,840,056
Share of minority interest		4,106,652	(261,991)
Adjustment on account of further investment in subsidary company		(1,358,906)	(1,646,022)
Balance brought forward from previous year		1,093,125,672	640,966,203
Profit available for appropriation		**1,660,952,390**	**1,201,898,246**
APPROPRIATIONS			
Amount transferred to general reserve		60,000,000	60,000,000
Amount transferred to statutory reserve u/s. 45-IC of RBI Act, 1934		5,000,000	2,442,554
Amount transferred to contingent provision against standard assets		530,908	-
Proposed dividend on equity shares		19,800,000	39,600,000
Interim dividend on equity shares		19,800,000	-
Dividend distribution tax		6,500,588	6,730,020
Surplus carried to balance sheet		1,549,320,894	1,093,125,672
		1,660,952,390	**1,201,898,246**
Basic earnings per share		87.02	85.39
Diluted earnings per share		87.02	85.39
Nominal value of equity shares		10	10
Significant accounting policies and notes to accounts	P		

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 : August 10, 2011

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

		Current Year ₹	Previous Year ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	847,918,993	829,909,622
	Adjustments for		
	Depreciation	16,107,217	16,234,814
	Loss/(profit) on sale of fixed assets	1,144,368	511,572
	Interest income on current investments	(68,641,533)	(25,064,972)
	Interest income - others	(5,202,291)	(1,673,888)
	Interest expenses	105,445,023	116,856,972
	Profit on sale of current investments (net)	(649,973,697)	(783,751,936)
	Dividend income on current investments	(9,551,206)	(5,678,062)
	Deposits / bad debts written-off	11,045,998	23,943,657
	Provision for diminution on current investment	–	2,448,685
	Prior period income / (expenses) - net	–	2,196,007
	Balances written back	(32,692)	(473,674)
	Operating profit before working capital adjustments	**248,260,180**	**175,458,797**
	Adjustments for		
	Trade and other receivables	(573,467,508)	(329,495,759)
	Trade payable and other trade liabilities	(87,022,719)	13,343,188
	Cash generated from operations	**(412,230,047)**	**(140,693,774)**
	Direct taxes paid	(244,742,023)	(291,262,487)
	Net cash generated from operating activities	**(656,972,070)**	**(431,956,261)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets (including capital work in progress)	(31,432,060)	(17,730,302)
	Sale of fixed assets	6,430,110	400,000
	(Purchase) / sale of investments (net)	374,471,577	496,760,608
	Advance for investments	69,300,000	92,225,000
	Dividend income on current investments	9,551,206	5,678,062
	Interest income on investments	74,215,959	30,361,005
	Interest income - others	5,202,291	1,673,888
	(Investment)/ withdrawal from fixed deposits	(84,808,295)	(10,017,562)
	Net cash generated from/ (used in) investing activities	**422,930,788**	**599,350,699**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Securities premium received	257,025,000	-
	Proceeds / (repayment) of borrowings (net)	135,443,375	(30,121,532)
	Interest paid	(105,445,023)	(125,301,839)
	Dividend paid	(59,400,000)	(23,100,000)
	Dividend distribution tax paid	(10,018,553)	(3,925,845)
	Net cash generated from/(used in) financing activities	**217,604,799**	**(182,449,216)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(16,436,483)**	**(15,054,778)**
	Cash and cash equivalents at the beginning of the year	96,587,816	111,642,594
	Cash and cash equivalents at the end of the year	**80,151,333**	**96,587,816**
	Cash and cash equivalents comprise of:		
	Cash on hand	2,364,204	812,533
	Balances with banks in current accounts	76,932,967	95,180,205
	Balances with banks in unpaid dividend accounts	854,162	595,078
		80,151,333	**96,587,816**

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

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 10, 2011

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
33,000,000 (previous year 33,000,000) Equity shares of ₹10 each	330,000,000	330,000,000
200,000 (previous year 200,000) Redeemable cumulative preference shares of ₹100 each	20,000,000	20,000,000
	350,000,000	**350,000,000**
Issued, subscribed and paid up		
6,600,000 (previous year 6,600,000) Equity shares of ₹ 10 each fully paid up*	66,000,000	66,000,000
* Refer note B - 6(a) of Schedule 'P'	**66,000,000**	**66,000,000**
SCHEDULE - B		
RESERVES AND SURPLUS		
Statutory reserve		
As per last balance sheet	3,355,108	912,554
Transferred from profit and loss account	4,700,445	2,442,554
	8,055,553	3,355,108
General reserve		
As per last balance sheet	312,088,960	252,088,960
Transferred from profit and loss account	60,000,000	60,000,000
	372,088,960	312,088,960
Capital Reserve		
As per last balance sheet	67,500,000	–
Add: Forfeiture of amount received towards equity share warrants	–	67,500,000
	67,500,000	67,500,000
Capital Reserve on consolidation	–	2,532,077
Securities premium		
As per last balance sheet	344,000,000	172,000,000
Add: Received during the year	23,206,793	172,000,000
	367,206,793	344,000,000
Surplus as per profit and loss account	1,549,320,894	1,093,125,672
	2,364,172,200	**1,822,601,817**
SCHEDULE - C		
SECURED LOANS		
Bank overdraft*	297,455,217	–
Term loan from a bank*	–	169,300,984
(Repayable within one year ₹ Nil; previous year ₹ 31,428,564)		
Vehicle loans from a bank*	17,931,962	10,642,820
(Repayable within one year ₹ 7,611,020; previous year ₹ 4,710,303)		
	315,387,179	**179,943,804**

* Refer Note B-4 of Schedule 'P'

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE - D

FIXED ASSETS

(Amount in ₹)

ASSET DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Sales / Adjustments	As at 31.03.2011	Up to 31.03.2010	For the year	Sales / Adjustments	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Leasehold improvements	14,971,303	–	–	14,971,303	14,891,719	79,584	–	14,971,303	–	79,584
Office buildings (Refer note 1 below)	366,686,241	–	2,574,950	364,111,291	12,479,665	5,935,591	566,194	17,849,062	346,262,229	354,206,576
Machinery	369,060	–	–	369,060	261,469	17,532	–	279,001	90,059	107,591
Computer	12,735,934	4,608,947	–	17,344,881	8,229,952	2,342,444	–	10,572,396	6,772,485	4,505,982
Office equipment	10,983,286	1,283,154	–	12,266,440	2,106,758	860,218	–	2,966,976	9,299,464	8,876,528
Furniture and fixtures	18,703,542	1,649,880	–	20,353,422	2,965,301	1,256,658	–	4,221,959	16,131,463	15,738,241
Vehicles (Refer note 2 below)	33,260,921	21,212,169	9,099,795	45,373,295	6,652,829	3,655,086	3,534,073	6,773,842	38,599,453	26,608,092
Software	4,847,189	2,677,910	–	7,525,099	1,857,868	1,960,104	–	3,817,972	3,707,127	2,989,321
Total	**462,557,476**	**31,432,060**	**11,674,745**	**482,314,791**	**49,445,561**	**16,107,217**	**4,100,267**	**61,452,511**	**420,862,280**	**413,111,915**
Previous year	448,705,280	15,263,712	1,411,516	462,557,476	36,177,281	16,234,814	* 2,966,534	49,445,561	413,111,915	

Notes:

1. Office buildings includes premises on leasehold land having net block of ₹ 327,991,545 (as at 31.3.2010 ₹ 333,590,597)
2. Vehicles include vehicles hypothecated against loan taken having net block of ₹28,246,966 (as at 31.3.2010 ₹ 17,084,647)

* Refer note B- 12 of Schedule"P"

SCHEDULE - E

INVESTMENTS

	Face Value ₹	As at 31.03.2011 Numbers	As at 31.03.2011 ₹	As at 31.03.2010 Numbers	As at 31.03.2010 ₹
Non trade, Quoted (fully paid up) - Long term					
Equity shares					
D S Kulkarni Developers Limited	10	13,413	901,184	–	–
Easun Reyrolle Limited	2	31,856	3,921,361	–	–
EIH Limited	2	354,460	37,563,046	–	–
Electrosteel Castings Limited	1	603,298	26,471,198	–	–
Godrej Industries Limited	1	784	151,701	–	–
Indiabulls Real Estate Limited	2	42,000	6,348,260	–	–
Jaiprakash Associates Limited	2	15,000	1,860,486	–	–
Peninsula Land Limited	2	51,061	2,904,121	–	–
Pokarna Limited	10	23,000	2,092,058	–	–
Punj Lloyd Limited	2	319,000	38,031,511	–	–
Ruchira Papers Limited	10	181,990	3,608,890	–	–
Saregama India Limited	10	42,500	4,313,583	–	–
SREI Infrastructure Finance Limited	10	946,032	59,495,413	–	–
Sujana Metals Limited	5	340,066	3,302,139	–	–
Sujana Towers Limited	1	50,000	2,039,955	–	–
Tata Elxsi (I) Limited	10	7,437	1,722,001	–	–
UCO Bank Limited	10	2,725,934	337,863,201	–	–
Uflex Industries Limited	10	34,434	8,822,910	–	–
Welspun Corp Limited	5	65,779	16,352,719	–	–
			557,765,737		–
Non trade, Quoted (fully paid up) - Current					
Equity shares					
Shamken Spinners Limited	10	8,500	9,010	8,500	9,010
ABG Shipyard Limited	10	–	–	453,697	113,310,937
Era Infra Engineering Limited	2	–	–	10	1,970
Dewan Housing Finance Corp Limited	10	–	–	164,612	29,469,555
Hindustan Construction Co. Ltd.	1	–	–	185,976	24,537,802
IRB Infrastructure Development Limited	10	–	–	112,389	28,296,811

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE - E *(contd.)*	Face Value ₹	As at 31.03.2011 Numbers	As at 31.03.2011 ₹	As at 31.03.2010 Numbers	As at 31.03.2010 ₹
Jaiprakash Associates Limited	2	–	–	209,359	28,357,991
Lanco Infratech Limited	1	–	–	170,000	7,785,130
Mercator Lines Limited	1	–	–	191,198	10,598,296
Orbit Corporation Limited	10	–	–	45,504	12,117,218
Indiabulls Real Estate Limited	2	–	–	5,000	761,738
Bonds					
11% Dewan Housing Finance Corporation Ltd	100,000	7,500	698,775,000	–	–
10.25% Shriram Transport Finance Company Limited 2015	100,000	–	–	2	191,740
10.25% Shriram Transport Finance Company Limited 2015	100,000	–	–	132	12,417,240
10.80% The Lakshmi Vilas Bank 2015	1,000,000	–	–	11	11,127,600
11% Shriram Transport Finance Company Limited	1,000	–	–	830	830,000
11.50% Magma Fincorp Limited 2015	1,000,000	–	–	40	40,000,000
8.64% Tamilnadu Electricity Board 2020	1,000,000	–	–	86	86,000,000
8.65% Industrial Development Bank of India Limited 2025	1,000,000	–	–	2	2,007,600
8.90% Punjab National Bank	1,000,000	–	–	1	989,442
8.92% UCO Bank 2020	1,000,000	–	–	7	6,980,358
8.95% Damodar Valley Corporation 2017	1,000,000	–	–	190	19,000,000
9.19% Great Eastern Shipping Company Limited 2018	1,000,000	–	–	5	4,995,000
9.25% Industrial Development Bank of India Limited 2014	1,000,000	–	–	4	3,972,080
9.50% Delhi Transco Limited 2016	100,000	–	–	21	2,100,000
9.50% Delhi Transco Limited 2017	100,000	–	–	11	1,100,000
9.50% Delhi Transco Limited 2018	100,000	–	–	150	15,000,000
9.50% Delhi Transco Limited 2019	100,000	–	–	230	23,000,000
9.50% Delhi Transco Limited 2020	100,000	–	–	230	23,000,000
9.50% Delhi Transco Limited 2021	100,000	–	–	250	25,000,000
9.50% Delhi Transco Limited 2024	100,000	–	–	230	23,000,000
9.50% Delhi Transco Limited 2025	100,000	–	–	230	23,000,000
			698,784,010		578,957,518
Non trade, Unquoted (fully paid up) - Current					
Mutual funds					
Birla Sun Life Saving Fund - Retail -Daily Dividend Reinvestment	10	–	–	4,596,427	45,978,056
LICMF Liquid Fund - Dividend Plan	10	–	–	4,098,643	45,003,513
Peerless Ultra Short Term Fund - Super Institutional Daily Dividend	10	–	–	50,005,612	500,061,125
ICICI Prudential Liquid Plan-Institutional-Daily Dividend	100	–	–	295,398	35,005,209
			–		626,047,903
Non trade, Unquoted (fully paid up) - long term					
Equity shares					
- in others					
Intelligroup Advisors Private Limited	10	4,600	46,000	4,600	46,000
A. K. Capital Retail Private Limited	10	1,000	10,000	1,000	10,000
A. K. Commodities Private Limited	10	3,000	30,000	3,000	30,000
A. M. Care Limited	10	100	1,000	100	1,000
A. K. Wealth Management Private Limited	10	–	–	8,000	80,000
Sunrise Corporate Services Limited	10	100,000	1,000,000	100,000	1,000,000
Nessa Leisure Limited	10	350,000	57,050,000	–	–
India Bond Private Limited	10	800	8,000	800	8,000
Non Trade, unquoted (fully paid up) - others - long term					
Units of Urban Infrastructure Opportunities Fund	100,000	70	9,870,000	500	70,500,000
			68,015,000		71,675,000
TOTAL			**1,324,564,747**		**1,276,680,421**
Aggregate value of quoted investments					
Equity			557,774,747		255,246,458
Bonds*			698,775,000		323,711,060
Aggregate value of unquoted investments			68,015,000		697,722,903

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

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	185,673	214,151
Other debts	672,943,648	76,109,145
	673,129,321	**76,323,296**
SCHEDULE - G		
CASH AND BANK BALANCES		
Cash on hand	2,364,204	812,533
Balances with scheduled banks:		
- in current accounts	76,932,967	95,180,205
- in fixed deposit accounts*	105,825,857	21,017,562
- in unpaid dividend accounts	854,162	595,078
	185,977,190	**117,605,378**
* Refer note B-16 of Schedule "P"		
SCHEDULE - H		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	221,527,532	20,806,923
Deposits*	104,460,405	92,292,409
Advance against investments	-	69,300,000
Advance tax and tax deducted at source	712,752,985	660,163,149
(including fringe benefit tax paid ₹ 15,644,407 ; previous year ₹ 15,867,086)		
	1,038,740,922	**842,562,481**

*Refer note B-15 of Schedule "P"

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE - I		
CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors		
(a) total outstanding dues of micro and small enterprises	–	–
(b) total outstanding dues of creditors other than micro, and small enterprises	42,110,783	115,193,420
Other liabilities	24,416,982	41,632,039
Deposits	35,691,854	35,640,000
Investor Education and Protection Fund (shall be credited by following amount as and when due):		
Unpaid dividend*	851,735	592,751
	103,071,354	**193,058,210**
*During the year, ₹24,834 has been credited into Investor Education and Protection Fund under Section 205C of the Companies Act, 1956. There are no dues as at March 31, 2011 which needs to be credited into Investor Education and Protection Fund.		
Provisions		
For income tax	717,890,000	634,826,159
For fringe benefit tax	14,630,389	14,855,889
For wealth tax	658,632	485,586
For retirement benefits	7,930,084	4,998,639
For contingent provision against standard assets	530,908	-
For proposed dividend	19,800,000	39,600,000
For dividend distribution tax	3,212,055	6,730,020
	764,652,068	**701,496,293**
	867,723,422	**894,554,503**

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Current Year ₹	Previous Year ₹
SCHEDULE - J		
INVESTMENT INCOME		
Profit on sale of investments (net)	649,973,697	783,751,936
Interest income on investments	68,641,533	25,064,972
(Tax deducted at source ₹ 809,924; previous year ₹ 2,188,952)		
Dividend income on investments	9,551,206	5,678,062
	728,166,436	**814,494,970**
SCHEDULE - K		
INCOME FROM TRADING IN SHARES AND SECURITIES		
Sale of shares and securities	1,805,609,328	470,460,903
Add : Closing inventory	8,947,389	261,794,935
	1,814,556,717	732,255,838
Less : Opening inventory	261,794,935	-
Less : Purchase of shares and securities	1,525,888,015	715,949,320
	26,873,767	**16,306,518**
SCHEDULE - L		
OTHER INCOME		
Rent income	31,328,710	8,881,668
Other income	1,291,685	18,017,106
	32,620,395	**26,898,774**
SCHEDULE - M		
PERSONNEL COST		
Salaries, bonus and allowances	187,671,801	135,305,705
Contribution to provident and other funds	159,337	44,856
Staff welfare expenses	2,501,789	4,465,233
	190,332,927	**139,815,794**

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Current Year ₹	Previous Year ₹
SCHEDULE - N		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Traveling and conveyance	12,976,833	16,347,759
Rent	68,335,189	78,956,350
Rates and taxes	3,344,730	1,721,603
Electricity charges	3,934,040	3,605,317
Auditor's remuneration	396,376	219,565
Communication charges	5,787,169	4,183,524
Books and subscription charges	2,199,767	1,037,005
Printing and stationary	10,733,456	7,835,039
Conference and AGM expenses	921,827	1,364,183
Legal and professional fees	67,184,339	79,536,581
Bank charges and processing fees	1,531,853	1,597,871
Repairs and maintenance		
- Building	11,238,618	8,558,178
- Others	4,451,565	3,521,994
Loss on sale of fixed assets (net)	1,144,368	511,572
Provision for diminution on current investments	–	2,448,685
Service tax and securities transaction tax	2,533,637	9,723,785
Directors sitting fees	210,000	210,000
Deposits / bad debts written-off	11,045,998	23,943,657
Software charges	1,466,819	949,889
Advertisement	18,581,368	16,351,197
Business promotion	21,605,662	23,651,859
Brokerage paid	4,191,314	1,671,293
Incentive expenses	12,593,475	15,519,364
Sub arranger fees	234,984,247	234,000,000
Miscellaneous expenses	2,800,954	2,570,026
	504,193,604	**540,036,296**
SCHEDULE - O		
INTEREST EXPENSES		
On fixed loans	25,602,422	22,364,188
On others	79,842,601	94,492,784
	105,445,023	**116,856,972**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE - 'P'

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' notified under the Companies (Accounting Standards) Rules 2006. 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.

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

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

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

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

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

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 (except in the case of A. K. Stockmart Private Limited, A. K. Wealth Management Private Limited and A. K. Capital Finance Private Limited) on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

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

Software is amortised over a period of 3 to 5 years

Leasehold improvements are amortised over the lease period.

5. Investments:

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

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

6. Inventory:

Inventory is valued at cost or market value, whichever is lower. Cost is calculated on First in first out basis.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

7. Revenue recognition:

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

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

c) Brokerage income is recognised based on contracts notes.

d) Interest income is recognised on accrual basis.

e) Rent income is recognised on accrual basis.

f) Dividend income from investments is recognised when the rights to receive have been established.

8. Transaction in foreign currencies:

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

9. Retirement benefits:

a) Defined contribution plans

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

b) 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.

c) 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.

10. Accounting for taxes on income:

a) 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.

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

11. Lease:

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

12. 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 profit and loss account in the period in which they are incurred.

13. 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.

14. 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.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

B. 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 (100.00)	Indian Rupees	20.02.2006
A. K. Capital Corporation Private Limited	India	100.00 (100.00)	Indian Rupees	29.01.2007
A. K. Wealth Management Private Limited	India	100.00 (-)	Indian Rupees	12.05.2010
A. K. Capital Finance Private Limited	India	94.01 (97.74)	Indian Rupees	04.09.2008

2. **Contingent liabilities (not provided for):**

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Income tax demand for the A.Y. 2008-09	–	201,278
Guarantee given by bank on behalf of the Company	21,400,000	21,000,000

The Group had filed an appeal with the Income Tax Commissioner against the Income tax demand.

3. **Differences in accounting policy for depreciation:**

Depreciation on fixed assets relating to the subsidiary companies, A. K. Stockmart Private Limited, A. K. Wealth Management Private Limited and A. K. Capital Finance Private Limited has been provided on written down value method as against straight line method followed by the Company. Depreciation for the year includes ₹2,350,152 (previous year ₹1,194,526) calculated on such basis. The impact of the difference in the accounting policy has not been calculated, as the depreciation amount itself is not significant. The net block included in the consolidated financial statements in this respect as at March 31, 2011 is ₹6,169,406 (as at March 31, 2010 ₹3,730,562).

4. a) Term loan was secured by equitable mortgage of the Company's immovable property comprising of land and buildings and other structures, machinery and plant and other fixtures and fittings erected or installed thereon (both present and future), situated at 8th Floor (Part), Mafatlal Centre, Nariman Point, Mumbai 400 021.

   b) Vehicle loans are secured by hypothecation of vehicles purchased against the said loan.

   c) Bank overdraft has been secured against pledge of debt securities and personal guarantee of two directors of the Company.

5. **Leases**

a) Where the Company is lessee:

The Group has taken various residential and office premises under operating lease that are renewable on a periodic basis at the option of both the lessor and lessee. Lease period varies from 22 months to 45 months.

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

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Not later than one year;	5,829,600	–
Later than one year but less than five year	971,600	–

The amount of lease payments with respect to the above lease recognised in the profit and loss account for the year is ₹1,943,200 (previous year ₹ 60,231,600)

b) Where the Company is lessor:

The Group has given office premises on an operating lease, details of which are as under:

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Gross block	343,500,152	343,500,152
Accumulated depreciation	15,508,607	9,909,555
Depreciation recognized in the profit and loss account for the year	5,599,052	5,599,052
Accumulated impairment loss upto year end	–	–
Impairment losses for the year / Impairment losses reversed for the year	–	–

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

The future minimum lease payments receivable are as follows:

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Not later than one year	22,131,290	31,328,710
Later than one year but less than five year	–	22,131,290

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

6. a) Pursuant to provisions of the Share Subscription and Shareholders' Agreement dated September 11, 2007, the Company had allotted on April 13, 2009, 800,000 equity shares of ₹10 each as fully paid up for cash at a premium of ₹215 per equity share by converting 800,000 6% Convertible cumulative preference shares (CCPS) of ₹ 225 each to First Rand (Ireland) Public Limited Company, a company incorporated under the laws of Ireland.

b) The Company had allotted on October 13, 2007, 3,000,000 equity share warrants at ₹225 each to the promoter group and others. An amount equivalent to 10% of the subscription amount was received as application money. Each equity share warrant was convertible into 1 (one) equity share of ₹ 10 each at a premium of ₹215 per equity share within a period of 18 months from the date of allotment. The balance amount was payable at the time of conversion of equity share warrants.

3,000,000 Equity share warrants issued on preferential basis to the promoter group and others on October 13, 2007 had lapsed during the previous year, due to non-exercise of warrants. An amount equivalent to 10% of the subscription amount which was received as application money (upfront money) on the above Equity share warrants amounting to ₹ 67,500,000 stands forfeited by the Company in the previous year and credited to Capital Reserve Account.

7. **Related party disclosure:**

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

Enterprise controlled by or having significant influence of Key Management Personnel	India Bond Private Limited (w.e.f. June 23, 2009)
Key Management Personnel	Mr. Atul Kumar Mittal
	Mr. Deepak Mittal
Relative of Key Management Personnel	Mrs. Anshu
	Mr. Abhinav Kumar Mittal

Notes:

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

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

b) **Transactions with related parties:**

Particulars	Current Year ₹	Previous Year ₹
Investment in share capital of subsidiary (including security premium)		
A. K. Mittal	29,375,000	–
Remuneration to directors (including perquisites)		
A. K. Mittal	46,296,000	37,530,000
Deepak Mittal	3,281,080	7,649,480
Rent paid		
A. K. Mittal	4,728,000	3,490,000
Anshu	35,28,000	3,490,000
Abhinav Kumar Mittal	5,169,600	5,169,600
Rent deposit given outstanding as at year end		
A. K. Mittal	16,250,000	11,450,000
Anshu	7,450,000	7,450,000
Abhinav Kumar Mittal	11,962,000	11,962,000
Payables as at year end		
A. K. Mittal	10,000	10,000
Deepak Mittal	6,910	6,910
Anshu	9,000	9,000

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

8. **Disclosure under (AS) – 15 (Revised 2005):**

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

	Gratuity (Unfunded)	
	Current Year ₹	Previous Year ₹
a) Change in present value of obligation		
Present value of obligation as at beginning of the year	4,998,639	3,535,625
Interest cost	399,890	282,850
Service cost	1,757,915	917,197
Benefits paid	–	–
Actuarial (gain)/loss on obligation	773,640	262,967
Present value of obligation as at year end	7,930,084	4,998,639
b) Amount recognized in the Balance Sheet		
Present value of obligation, as at year end	7,930,084	4,998,639
Fair value of plan assets as at year end	–	–
Net liabilities recognized in the Balance Sheet	7,930,084	4,998,639
c) Expense recognized during the year		
Current service cost	1,757,915	917,197
Interest cost	399,890	282,850
Expected return on plan assets	–	–
Net Actuarial (gain)/loss to be recognized	773,640	262,967
Net periodic cost	2,931,445	1,463,014
d) Assumptions used in accounting for the gratuity plan	**% (p.a.)**	**% (p.a.)**
Mortality rate	LIC (1994-96)	LIC (1994-96)
Discount rate	8.00	8.00
Salary escalation rate	5.00	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.

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

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
Deferred tax liability on account of		
Depreciation	28,903,884	21,086,393
Less: Deferred tax assets		
Gratuity	2,555,342	1,663,246
Preliminary expenses	208,662	402,231
Short Term Capital Loss	–	150,890
Diminution in the value of current investments	–	406,593
Deferred tax liability (net)	**26,139,880**	**18,463,433**

10. **Segment information:**

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

11. **Earnings per share (EPS):**

Particulars	Current Year	Previous Year
Net profit after tax after adjusting minority interest	574,311,153	561,355,536
Weighted average number of equity shares outstanding at the year end (Number)	6,600,000	6,573,699
Basic and diluted earnings per share (₹)	87.02	85.39
Nominal value of share (₹)	10	10

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

12. a) Prior period income / (expenses) - net

Particulars	Current Year ₹	Previous Year ₹
Prior period income		
Depreciation [Refer note (b) below]	–	2,466,590
Total (A)	**–**	**2,466,590**
Prior period expenses		
Interest expense	–	270,583
Total (B)	**–**	**270,583**
Net prior period income (A) – (B)	**–**	**2,196,007**

b) In the earlier years, the Company had erroneously charged excess depreciation on various fixed assets aggregating to ₹ 2,466,590 which has been rectified in the previous year and has been appropriately disclosed as prior year adjustment in the financial statements.

13. 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'.

14. a) Directors remuneration:

The profit and loss account includes remuneration to Directors as follows:

Particulars	Current Year ₹	Previous Year ₹
Salaries, bonus and allowances	48,521,080	44,199,480
Perquisites	1,056,000	980,000
	49,577,080	**45,179,480**

Notes:

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

ii. As the 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.

15. Deposits include amount aggregating to ₹ 23,700,000 (previous year ₹ 18,900,000) given to directors of the Company as security deposit towards premises taken on rent. Maximum balance outstanding during the year ₹ 23,700,000 (previous year ₹ 18,900,000).

16. The Group has pledged fixed deposit to the extent of ₹ 21,421,825 (previous year ₹ 21,017,562) with banks for bank guarantees / overdraft facilities and as margin money with stock exchanges.

17. 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.

18. 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.

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

Signatures to schedules 'A' to 'P'

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

Ramesh Gupta
Partner
Membership No. 102306

Place : Mumbai
Date : August 10, 2011

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

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

Name of the Subsidiary Company	A. K. Stockmart Private Limited	A. K. Capital Corporation Private Limited	A. K. Wealth Management Private Limited	A. K. Capital Finance Private Limited
Financial year ending	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
Date from which it became the subsidiary	February 20, 2006	January 29, 2007	May 12, 2010	September 4, 2008
Number of equity shares held by A. K. Capital Services Limited as on March 31, 2011.	12,000,000 Equity shares	2,100,000 Equity shares	2,250,000 Equity shares	4,648,740 Equity shares
Face Value equity shares (₹)	10	10	10	10
Paid –up Equity Share Capital (₹)	120,000,000	21,000,000	22,500,000	49,450,000
Extent of holding of A. K. Capital Services Limited as on March 31, 2011.	100%	100%	100%	94.01%
Net aggregate profit/(loss) so far it concerns the members of the holding Company.				
a) For the financial year ended on March 31, 2011				
i. Not dealt with in the holding Company accounts (₹)	40,339,634	1,455,405	4,372,446	67,132,202
ii. Dealt with the holding Company accounts (₹)	1,723,467	–	–	–
b) For the subsidiary Company previous financial years since it became a subsidiary				
i. Not dealt with in the holding Company accounts (₹)	28,466,244	845,173	–	19,405,026
ii. Dealt with the holding Company accounts (₹)	7,231,679	–	–	–

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

Particulars	A. K. Stockmart Private Limited ₹	A. K. Capital Corporation Private Limited ₹	A. K. Wealth Management Private Limited ₹	A. K. Capital Finance Private Limited ₹
Share capital	120,000,000	21,000,000	22,500,000	49,450,000
Reserves and surplus	12,441,818	4,111,857	278,114	541,082,690
Total Assets	151,304,929	25,480,130	23,262,016	799,737,568
Total Liabilities	151,304,929	25,480,130	23,262,016	799,737,568
Investments	–	–	–	558,323,502
Total Revenue	42,063,101	1,455,405	4,372,446	67,132,202
Profit before Tax	2,300,270	1,437,439	318,887	29,438,936
Provision for taxation (including Deferred Tax)	206,395	391,165	90,000	6,017,392
Profit after Tax	2,093,875	1,046,274	228,887	23,421,544

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Kanchan Singh
Company Secretary

Place : Mumbai
Date : August 10, 2011

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

Proxy Form

18th Annual General Meeting

Folio No. _____ Client ID _____

DP Name _____

DP ID No. _____

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

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

him/her _____ of _____ as my/our proxy to vote on my/our behalf at the 18th Annual General Meeting of the Company to be held on September 17, 2011, Saturday, at 9.00 a.m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110 030 and at any adjournment thereof.

Affix Revenue Stamp

Signed this _____ day of _____ 2011, by the said _____

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

- Please tear here -

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

Attendance Slip

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

Folio No. _____ Client ID _____

DP ID No. _____

Name of the Shareholder/ Proxy _____

Address _____

_____ No.of shares held _____

I hereby record my presence at the 18th Annual General Meeting of the Company held on September 17, 2011, Saturday, at 9.00 a.m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110 030.

_____

Signature of the Shareholder/ Proxy

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

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