



*...together
we progress..*



A. K. Capital Services Limited

Annual Report 2008-2009

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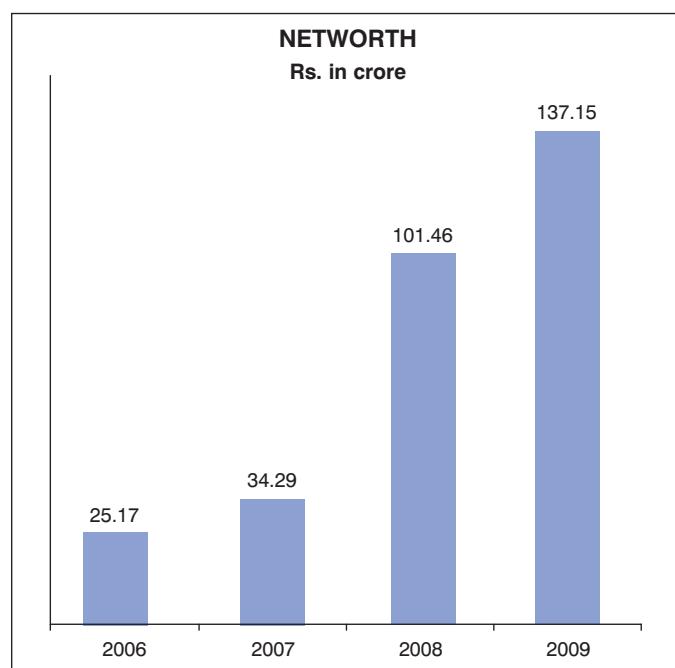
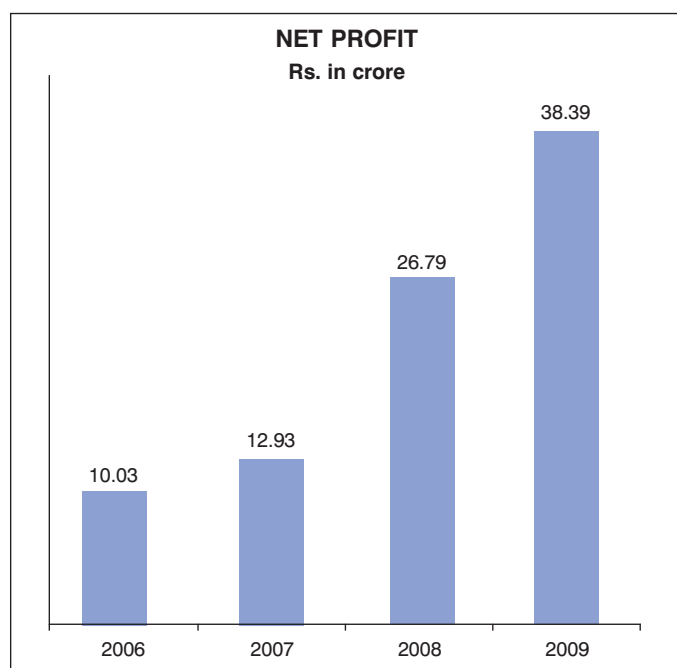
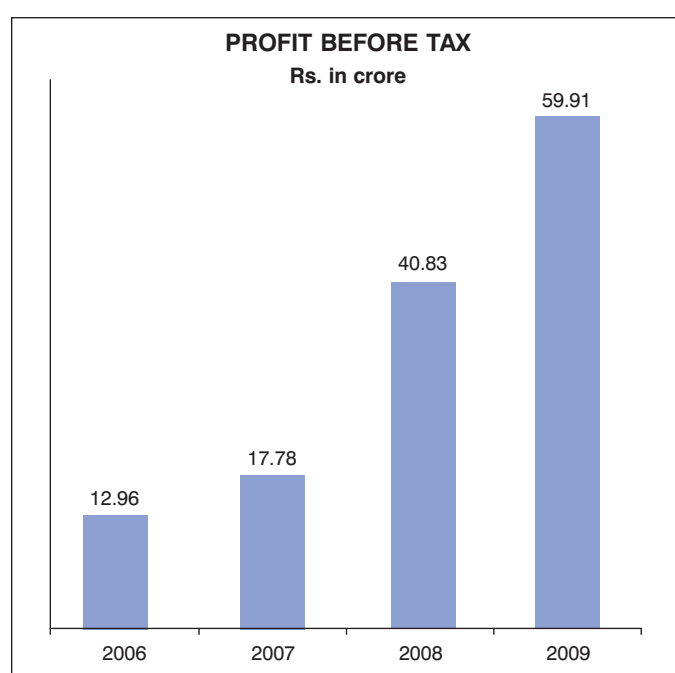
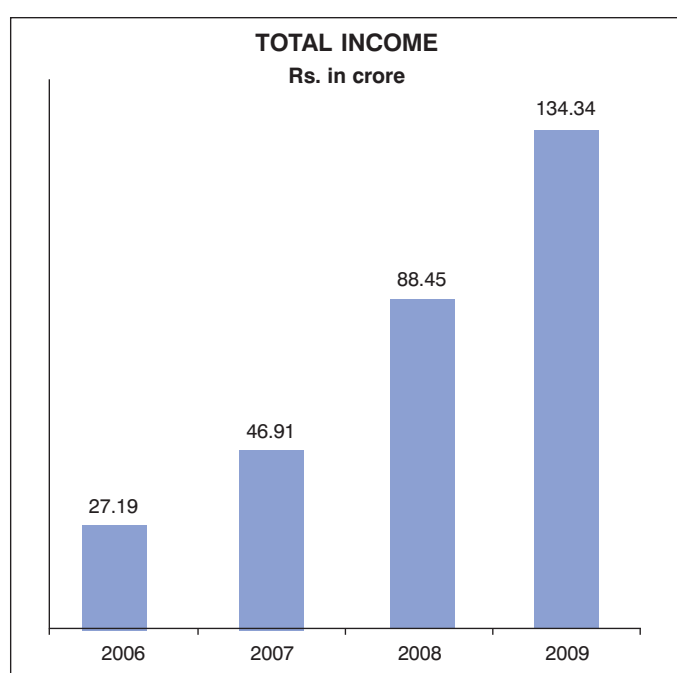
BUSINESS HIGHLIGHTS FY 2008 - 09

- For the 8th Consecutive Financial year, AK Capital has emerged as largest mobiliser of debt through private placement of bonds and non convertible debentures during FY 2008-09 (non bank category).
(Source Prime Database)
- AK Capital has handled debt mobilisation assignment aggregating to Rs. 44,753 crore during FY 2008-09 as against Rs. 16,528 crore during FY 2007-08, registering growth of 170%.
(Source Prime Database)
- Market share of AK Capital in private placement of debt in FY 2008-09 was up by 15.40% to 32.60% as against 17.20% in the FY 2007-08.
(Source Prime Database)
- During FY 2008-09, market share of debt mobilization by AK Capital for Government Organisations and Financial Institutions stood at 42.40%, that for PSU and PSU Banks stood at 29%, that for Central and State Government Undertakings stood at 22% and that for State Government Undertakings and State Level Financial Institutions stood at 23.90% and that for private sector companies stood at 8.50%.
(Source Prime Database)
- Consolidated Total Income up by 52% as compared to FY 2007-08.
- Consolidated net profit (after tax and minority interest) moved to Rs. 38.39 crore up by 43% as compared to FY 2007-08.
- Standalone Total Income up by 52% to Rs. 131.43 crore as compared to FY 2007-08.
- Standalone net profit (after tax) moved to Rs. 37.59 crore up by 41% as compared to FY 2007-08.
- Dividend declared 35%.
- Merchant Banking Fees income moved to Rs. 78.69 crore up by 15% as compared to FY 2007-08.
- Basic Earning per share (Consolidated) increased to Rs. 66.59 in FY 2008-09 from Rs. 48.76 in FY 2007-08.
- Basic Earning per share (Standalone) increased to Rs. 64.82 in FY 2008-09 from Rs. 48.47 in FY 2007-08.

Consolidated Financial Performance of A. K. Capital Services Limited and its Subsidiaries

(Amount in crore except per share data)

Year Ended March 31,	2009	2008	2007	2006
Total Income	134.34	88.45	46.91	27.19
Total Expenditure	74.43	47.62	29.13	14.23
Profit Before Tax	59.91	40.83	17.78	12.96
Tax Expenses	21.29	14.03	4.10	2.93
Net Profit (after Tax and Minority Interest)	38.39	26.79	12.93	10.03
Paid-Up Equity Share Capital	5.80	5.80	5.00	5.00
Face Value Per Share (Rs.)	10	10	10	10
Networth (after Minority Interest)	137.15	101.46	34.29	25.17
Basic Earning Per Share (Rs.)	66.59	48.76	27.36	20.07
Book Value Per Share (Rs.)	207.80	153.73	68.58	50.34
Equity Dividend per share (Rs.)	3.50	3.50	3.50	2.50



**PRIME DATA BASE****CURRENT YEAR RANKING - DOMESTIC MARKET**

League Table Arrangers

Issue Type	Private Placements Debt All
Instrument	<ul style="list-style-type: none"> All Issues: Distributed, Structured, On-Tap & Mobilisation excluding Section 54E & 88 Bonds
Issuer Type	<ul style="list-style-type: none"> Only issues with both tenor and Put/Call of 1 year and above
Other Conditions	<ul style="list-style-type: none"> Issue amount credit on full basis to concerned arrangers

Non - Banks

Rank	Arranger	Total amount (Rs. in lacs)	% of Total	Total number of issues
1	A. K. Capital Services Limited	4,475,333	32.60	76

Issue Type	Private Placements Debt PSU's & PSU Banks
Instrument	<ul style="list-style-type: none"> All Issues: Distributed, Structured, On-Tap & Mobilisation excluding Section 54E & 88 Bonds
Issuer Type	<ul style="list-style-type: none"> Only issues with both tenor and Put/Call of 1 year and above
Other Conditions	<ul style="list-style-type: none"> Issue amount credit on full basis to concerned arrangers

Non - Banks

Rank	Arranger	Total amount (Rs. in lacs)	% of Total	Total number of issues
1	A. K. Capital Services Limited	1,074,220	29.00	25

Issue Type	Private Placements Debt Private Sector Companies
Instrument	<ul style="list-style-type: none"> All Issues: Distributed, Structured, On-Tap & Mobilisation excluding Section 54E & 88 Bonds
Issuer Type	<ul style="list-style-type: none"> Only issues with both tenor and Put/Call of 1 year and above
Other Conditions	<ul style="list-style-type: none"> Issue amount credit on full basis to concerned arrangers

Non - Banks

Rank	Arranger	Total amount (Rs. in lacs)	% of Total	Total number of issues
1	A. K. Capital Services Limited	337,500	8.50	18

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 (Appointed on June 10, 2009)

Krupali Daru (Resigned on June 10, 2009)

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 42390990, Fax: +91 11 42390911

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 Shareowners of A. K. Capital Services Limited

Your Directors have pleasure in presenting the 16th Annual Report on the business and operations of the Company together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

Standalone financial result of A. K. Capital Services Limited

(Amount in crore except per share data)

Particulars	Current year	Previous year	Growth
Total income	131.34	86.26	52%
Profit before tax	58.33	40.48	44%
Provision for taxes	20.74	13.84	50%
Profit after tax	37.59	26.63	41%
Net worth	136.16	101.29	34%
Equity dividend including dividend tax	2.70	2.37	14%
Earning per share (face value Rs. 10 per share)			
Basic (Rs.)	64.82	48.47	34%
Diluted (Rs.)	39.16	37.26	5%

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

(Amount in crore except per share data)

Particulars	Current year	Previous year	Growth
Total income	134.34	88.45	52%
Profit before tax	59.91	40.83	47%
Provision for taxes	21.29	14.03	
Profit after tax and minority interest	38.39	26.79	43%
Networth	137.15	101.46	35%
Earning per share (face value Rs. 10 per share)			
Basic (Rs.)	66.59	48.76	37%
Diluted (Rs.)	40.23	37.47	7%

FINANCIAL PERFORMANCE

Information of financial performance of your Company is given in the Management Discussion and Analysis Report which is annexed to this Annual Report and has been prepared in accordance with Clause 49 of the Listing Agreement.

DIVIDEND

Your Directors have recommended a dividend of Rs. 3.50 per equity share on 6,600,000 equity shares of the face value of Rs. 10 each for the financial year ended March 31, 2009. The dividend on equity shares together with tax thereon will have a payout of Rs. 2.70 crore.

The dividend, if approved at the ensuing Annual General Meeting will be paid to all those equity shareholders whose names appear in the register of members as on Wednesday, September 02, 2009. The register of members and share transfer books will remain closed from Thursday, September 03, 2009 to Saturday, September 05, 2009, both days inclusive.

SUBSIDIARIES

The Company had two subsidiaries at the beginning of the year, A. K. Stockmart Private Limited and A. K. Capital Corporation Private Limited. During the year Girdhar Vanijya Private Limited became subsidiary of the Company.

Your Company posted consolidated revenue of Rs.134.34 crore (up 52% as compared to FY 2007-08) and a consolidated profit after tax and minority interest of Rs. 38.39 crore (up 43% as compared to FY 2007-08).

The Consolidated Financial Statements of your Company and its subsidiaries are prepared in accordance with the Accounting Standard 21 - Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006, forms part of this Annual Report and are reflected in the consolidated accounts of the Company. The audited statement of accounts of the subsidiaries forms part of this Annual Report.

DIRECTORS

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

The Company had entered into a Share Subscription and Shareholders' Agreement (SSA) with FirstRand (Ireland) Public Limited Company on September 11, 2007, pursuant to which FirstRand has nominated Mr. Srinath Srinivasan as Director on the Board of A. K. Capital Services Limited. The agreement got terminated w.e.f. March 24, 2009. Consequently, FirstRand has withdrawn its nomination on the Board of the Company and Mr. Srinath Srinivasan has stepped down from the Board.

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, 2009 and of the profit of the Company for the financial year ended March 31, 2009;
3. The Directors have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as required under Clause 49 of the Listing Agreement, is presented in a separate section which forms part of this Annual Report.

CORPORATE GOVERNANCE

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement, 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, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The retiring auditors have, under Section 224(1B) of the Companies Act, 1956, furnished certificate of their eligibility for the re-appointment.

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

PUBLIC DEPOSITS

The Company has not accepted any public deposit during the year under review.

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

The provision 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 or technology absorption is not applicable to the Company.

The Company has no foreign exchange earnings during the financial year ended March 31, 2009. The information on foreign exchange outgo is furnished in the Notes to Accounts - Schedule "O", forming part of 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, is set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Audited Financial Statements are being sent to all the shareholders of the Company excluding the aforesaid annexure.

Any member interested in obtaining a copy of this information under section 217(2A) of the Companies Act, 1956, may write to the Company Secretary, at the Registered Office of the Company.



CREEPING ACQUISITION

The promoter and promoter group have acquired 274,539 (4.73%) equity shares through creeping acquisition from the open market. The requisite statutory disclosure for the creeping acquisition has been made to the stock exchanges where the shares of the Company are listed. The creeping acquisition by the promoter and promoter group was within the statutory limits as specified by SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

TERMINATION OF SHARES SUBSCRIPTION AND SHARE HOLDERS AGREEMENT

Your Company had entered into a Share Subscription and Shareholders' Agreement (SSA) with FirstRand (Ireland) Public Limited Company on September 9, 2007. FirstRand (Ireland) Public Limited Company has sold 387,825 (6.69%) equity shares of the Company during March 19, 2009 to March 24, 2009, thereby reducing their shareholding to 7.11%. As the shareholding of FirstRand (Ireland) Public Limited Company in the Company as on March 24, 2009 was below 7.50%, the SSA got terminated on that date.

APPRECIATION

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the government, regulators, stock exchanges, other statutory bodies and yours Company's bankers for their assistance, cooperation and encouragement extended to your Company.

Your Company's employees are instrumental in your Company scaling new heights year after year. Their commitment and contribution is deeply acknowledged. Your involvement as share holders is also greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Place: Mumbai
Date: July 25, 2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACROECONOMIC OVERVIEW

The financial year 2008-09 was a tough year with difficult economic conditions across the globe. The global financial crises that had its beginning in the US Sub Prime sector and broader financial market but spread throughout the world, turning into a full-blown global economic crisis.

The knock-on effect of these unprecedented adverse global developments became evident in the macroeconomic performance of the Indian economy, as it experienced some loss of growth momentum with major drivers witnessing moderation. During FY 2008-09, the combined finances of the Central and State Governments were adversely impacted due to the economic slowdown. The Central Government finances came under stress during FY 2008-09, both on the revenue and the expenditure sides, on account of fiscal measures taken to reduce inflationary pressures during the first half and to arrest the moderation of economic growth in the second half of the year. As a result, the key deficit indicators viz., revenue deficit and fiscal deficit widened to 4.4 per cent and 6.0 per cent, respectively, in the revised estimates for FY 2008-09 from 1.0 per cent and 2.5 per cent, respectively, in the budget estimates.

Corporate performance remained subdued during FY 2008-09 with the impact on profitability being particularly adverse during the third quarter. The adverse impact of the global financial market turmoil was also felt in terms of reduced inflow of the long and short-term debt and reversal of portfolio inflows.

In the third quarter of FY 2008-09, when liquidity dried up in the global economy markets and credit markets almost froze, there were knock-on effects on domestic money and foreign exchange markets, which prompted the Reserve Bank to initiate measures to ensure adequate provision of rupee and foreign exchange liquidity. In the credit market following significant reduction in policy rates by the Reserve Bank, the lending rates of banks have begun to exhibit some moderation.

The large order of volatility in the inflation outcome witnessed in India during FY 2008-09 is unprecedented. The sharp volatility in international commodity prices largely contributed to the spiralling inflation in the first half, and then to the subsequent decline from a higher base at a fast pace in the second half of FY 2008-09.

Equity Market - The impact of the credit crises on the global equity market was felt in January 2008, reached its peak in October 2008 with a spate of failures of some of the biggest financial institutions in the developed world. FY 2008-09 was the first fiscal when FIIIs were net sellers of Rs 479 billion in Indian equities secondary market as compared to inflow of Rs. 517 billion in FY 2007-08. The average daily equity market volumes fell by 16% in FY 2008-09 as compared to FY 2007-08. The Indian corporates raised equity of Rs. 549 billion in FY 2008-09 through IPO, QIP, addition offerings and rights issues and other equity offerings down by 48% compared to FY 2007-08.

Debt Market - The corporate debt market was hit during the second half of FY 2008-09 by severe liquidity crunch, higher interest, defaults in repayments.

Notwithstanding several challenges, particularly from the global economy, the Indian economy remained relatively resilient, its financial institutions and private corporate sector remained sound and solvent. Furthermore, the macroeconomic management helped in maintaining lower volatility in both the financial and the real sectors in India relative to several other advanced and emerging market economies.

Both the government and RBI have taken fiscal and monetary policy and monetary policy measures to address this slowdown. These measures have started bearing the desired results by restoring stability and confidence in the markets. The Indian economy is a domestic focused economy, large service sector, large domestic consumption, stable and sound financial systems and high domestic savings, which will result in high growth prospects for India as compared with most peers. India continues to face many challenges like slow down in exports, huge fiscal deficits, economic condition in major developed countries, rising oil prices, etc. The government is taking steps to tackle these challenges and with a stable Central Government now in place, investment spending, particularly infrastructure creation is expected to boost.

OUR BUSINESS

Your Company, A. K. Capital Services Limited, is a SEBI registered Category I Merchant Banker. The Company together with its subsidiaries offer a range of financial products and services such as -

- Corporate debt raising through private placement of bonds and debentures, initial public issue of bonds and debentures, project financing and working capital finance.
- Investment banking including raising equity capital through Initial Public offerings (IPO), Follow on Public offerings (FPO), Rights Issues, Qualified Institutional placements (QIP). The equity capital market activities involve providing advisory and placement services pertaining to the raising of equity and quasi equity funds for its corporate clients.
- Stock broking and Distribution services include offering products such as equities, derivatives, depository services, distribution of mutual funds, etc.
- Investment in bond and debentures through treasury operations.

OUR PRINCIPLES AND STRENGTHS

Brand Image - A. K. Capital Services Limited is one of the leading domestic financial services groups in India. The Company has well established Brand and efforts are on to strengthen further the strong brand that the group has built over a period of time.



Respecting relationships - We respect relationships with the clients, employees and shareholders. We want everyone associated with us to be progress for their relationship with us.

Management Team - Our management team consists of strategic thinkers able to see the big picture, have diverse experience, demonstrate leadership attributes, combine business insight with technical savvy, and be committed to continuous learning. They have a common vision of the future, are good team players who are committed to creating superior value for all stakeholders - customers, employees, investors and society as a whole - by getting the best from their people and leading continuous innovation.

Risk management - We constantly monitor and control risk exposure as our business has constant challenge of balancing risk and reward. We take balanced approach to business by giving equal importance to managing risk as to managing revenues.

Regulator friendly - Capital markets are changing rapidly, and professionals who work in these markets need a sound understanding of market structures, instruments and the increasing importance of regulation and compliance. We constantly update ourself with regulatory changes and also proactive in aligning ourselves in terms of adherence to compliance requirements.

Emphasis on growth - A focused approach, strong balance sheet, consistent profit margins, a successful time tested business model and well diversified income streams helped us deliver sound results in challenging times. Our constant focus to rationalize costs and maintain our margins (and thus returns) for the businesses delivered results.

BALANCE SHEET

The Company has maintained a strong and liquid Balance Sheet. The Company's paid up Share Capital is Rs 23.80 crore. The Company's net worth grew to Rs.136.16 crore in FY 2008-09 from Rs.101.29 crore in FY 2007-08. The Book value per share rose to Rs. 206.30 in FY 2008-09 from Rs. 153.47 in FY 2007-08. During the year, the Company's gross block rose by Rs. 37.63 crore to Rs. 44.34 crore. The increase in gross block is on account of purchase of office properties in Mumbai and Bangalore. Other additions were due to investments made in technology and for upgradation of existing offices. The Cash and Bank Balance was Rs. 9.87 crore.

FINANCIAL PERFORMANCE

The financial position of A. K. Capital Services Limited continues to remain strong. Your Company recorded growth of 52% in the total revenue to Rs. 131.34 crore in FY 2008-09 from Rs. 86.26 crore in FY 2007-08. The Company has continued to retain its leadership position in the domestic debt market and during FY 2008-09 has handled debt mobilization assignments aggregating to Rs. 44,753 crore. Prime database has ranked the Company as the number 1 arranger for private placement of bonds, debentures for FY 2008-09 in non-bank category. Income from merchant banking fees for the year increased by 15% to Rs. 78.69 crore from Rs. 68.14 crore in the previous year. 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 mostly into rated debt securities. In spite of volatility in the bond market the Company maximized profits and the portfolio yield. Our treasury operations income grew by 186% to Rs. 50.17 crore in FY 2008-09 from Rs. 17.53 crore in FY 2007-08.

The profit after tax registered a growth of 41% to Rs. 37.59 crore during FY 2008-09 against Rs. 26.63 crore during FY 2007-08. Our constant focus to rationalize cost and promise resources helped us to deliver constant growth year on year and stable PAT margins at 29%.

Employee cost is one of the single largest expenses of your Company at Rs. 10.12 crore for the FY 2008-09, an increase of 61% over the previous year. Administration cost comprises of rent, electricity, communication, courier, advertisement, legal and professional fees, etc. The Administrative expenses increased by Rs. 9.55 crores. Your Company has policy to grow through acquisitions and tie-ups. The Company has tie-ups with many chartered accountants, stock broking companies, financial companies, etc called as business associates for introduction of clients, investors, etc. The Company believes that with tie-up the Company can leverage its existing strength and growth will be much faster. The Sub arrangers fees is the expenses towards such tieups which has increased to Rs. 21.99 crore during FY 2008-09 from Rs. 18.55 crore in FY 2007-08. Your Company's policy to have growth through tie-ups have proved itself which is evident from the fact that your Company has grown at 52% in FY 2008-09 when compared to FY 2007-08 even in times of extremely difficult economic conditions across the globe. The Interest cost increased to Rs. 13.69 crore in FY 2008-09 from Rs.0.73 crore in FY 2007-08. The rise in interest cost is due to purchase of office property in Mumbai and Bangalore. The office property in Mumbai was leveraged from the Bank. The rise in interest cost is also due to increase in treasury operations. Depreciation expenses during the year is Rs. 1.66 crore. This increase in depreciation is due to investments in office properties in Mumbai and Bangalore and also due to investment in new office facilities, technology.

OUTLOOK

India has survived one of the worst global crises in history better than most other economics. It is inevitable that the fortunes of the Indian economy will be impacted by the growth prospects of the world economy as export demand continues to fall, and external financing becomes progressively constrained. However, there are some inherent strengths within the Indian economy, which have spawned the idea of its 'decoupling' from the global economy. There are some factors that might play a mitigating role in the face of the spreading contagion. The presence of a large domestic population, along with the increase in its per capita income on the back of sustained economic growth over the past few years is expected to provide enough of a demand stimulus to ensure continued economic growth for India. Further, a strong saving and investment rate will contribute towards shortening the length and severity of the current slowdown, and also towards a faster revival, when the economic turnaround sets in. Now with a stable government in place, India will be able to resume its journey to higher growth. The Financial sector will grow once the conditions stabilize and start improving. The Corporate debt market has lot of opportunities as it provides a strong source of funds for the corporates. The developed corporate market can be helpful for funding long tenure projects where traditional bank limits are not available. The government and regulators are taking steps to develop corporate debt market in India. The development of corporate debt market

reduce the dependence of the corporate on banks and financial institutions for funds. Developed corporate debt market will give a new source of funds for the corporate.

The Company's result for the financial year ended March 31, 2009 demonstrates the strong growth. The Company's focused approach, strong liquid balance sheet, cost efficiency, risk management and diversified income streams has helped to grow year on year. The Company is confident that with its strengths and business principles it shall be able to capitalize on opportunities for business growth.

OPPORTUNITIES AND THREATS

Opportunities

1. Public issue of Debt: More than 95 % of the fund raising in the Corporate debt market happens through the Private Placement (Institutional) market route, thus reflecting absence of retail participation in the Corporate debt market. The Government, along with the capital market regulator - SEBI, has recognized this inconsistency, and has made considerable progress in developing a vibrant and active "Public Issue of Debt market". This would considerably increase the size of the Indian debt market.
2. Increasing share of Corporate's borrowing through the Corporate debt market: The share of corporate borrowing through the debt securities market is showing an increasing trend. This reflects that there are increasing number of corporates resorting to borrow from the debt securities market as against the traditional loan market
3. Introduction of new financial products in the Debt market, Securitization products, Structured products, Forex products, etc.
4. Growth prospects in India is highly positive and growth in economy will lead to investment and capital requirement.

Threats

1. Rise in interest rates.
2. Competition from local and multinational players.
3. Slowdown in global liquidity inflows.

HUMAN RESOURCES

Management of human resource was always of prime importance for your Company. The ultimate aim of the human resource team was to consortium a team of professionals which would help the Company to attain new heights. One of the major reasons of the Company's success is the teaming of professionals within the manpower budget. The Company ensures that the best talent is acquired, nurtured, developed and retained. There is appropriate blend of youth and experience with most of the workforce below 40 years of age. The average age of the employees is around 33 years.

Improving the overall employee experience through minimal transactional error, higher engagement activities and superior quality training will continue to be the agenda in the forthcoming year also.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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.

RISK AND CONCERNS

The Company is leading player in Corporate Debt Market which is effected by many factors like Indian economic development, global fund flows, interest rate risk, credit risk, liquidity risk. The Company has developed in house risk skills to manage key area of risk.

The Company works in highly regulated environment and follows all the polices and laws of regulatory authorities. The Company has compliance department headed by the compliance officer.

The Company is focused in protecting the capital of the Company and having healthy balance sheet. The Company has very less leveraging and the maximum assets of the Company are cash or cash equivalents.

CAUTIONARY STATEMENT

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



CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is about promoting corporate fairness, transparency, accountability and integrity of the management. The Company's philosophy of corporate governance stresses the importance of maintaining absolute transparency, integrity, fairness, accountability, responsibility and protection of all the shareholders' interests. The basic philosophy of corporate governance of your Company is to achieve excellence in business, comply with laws and regulations and dedicate itself for increasing long term share holders' value, keeping in view the needs and interests of all its share holders'. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics.

BOARD OF DIRECTORS

The Board reviews and approves strategy and oversees the action and results of management to ensure that the long term objective of enhancing shareholders value are met.

COMPOSITION

The Board has a Non-Executive Chairman and 50% of the total number of Directors are independent. The composition of Board is in conformity with Clause 49 of the Listing Agreement of stock exchanges, where the shares of the Company are listed. None of the Directors are member of more than ten committees and chairman of more than five committees, as specified in Clause 49 of the Listing Agreement, across all the Companies in which he is a Director.

The names and categories of Directors, the number of Directorships and committee positions held by them as on March 31, 2009 are as follows:

Name of the Director	Category of Director	Relationship with other Director	Total number of Committee Memberships, Chairmanships and Directorships of companies*		
			Committee Membership+	Committee Chairmanship+	Directorship\$
Mr. Subhash Chandra Bhargava Chairman	Independent, Non-Executive	None	5	1	13
Mr. A. K. Mittal Managing Director	Executive	Husband of Mrs. Anshu	1	-	2
Mr. Deepak Mittal Whole-Time Director	Executive	None	1	-	1
Mr. Subhash C. Madan	Independent, Non-Executive	None	-	1	1
Mr. Raghubinder Rai	Independent, Non-Executive	None	1	-	1
Mrs. Anshu	Non-Independent, Non-Executive	Wife of Mr. A. K. Mittal	-	1	2

* Excludes Private Limited companies, Foreign companies and companies under Section 25 of the Companies Act, 1956.

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

\$ Excludes alternate Directorship but includes additional Directorship and Directorship in A. K. Capital Services Limited.

MEETINGS AND ATTENDANCE

Four Board Meetings were held during the financial year ended March 31, 2009 on April 24, 2008, July 25, 2008, October 22, 2008 and January 30, 2009. The attendance record of participating Directors at the aforesaid Board Meetings and the last Annual General Meeting are as follows:

Name of the Director	Number of Board Meetings attended	Attendance at the last Annual General Meeting
Mr. Subhash Chandra Bhargava	4	No
Mr. A. K. Mittal	4	Yes
Mr. Deepak Mittal	4	Yes
Mr. Subhash C. Madan	4	Yes
Mr. Raghubinder Rai	-	No
Mrs. Anshu	-	No
Mr. Srinath Srinivasan*	4	No

* Director for part of the year. Mr. Srinath Srinivasan resigned on March 25, 2009.

DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT:

Mr. Subash Chandra Bhargava and Mrs. Anshu retire by rotation and being eligible, have offered themselves for re-appointment at the ensuing 16th 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 held by them and the number of shares held by them in the Company has been disclosed and forms part of the Notice convening the 16th Annual General Meeting.

CODE OF CONDUCT

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

COMMITTEES OF THE BOARD

Your Company has three major Board level committees -

1. Audit Committee
2. Remuneration Committee
3. Shareholders Grievance Committee

Details of composition and role of these committees including the number of committee meetings held during the financial year ended March 31, 2009 and the attendance at these meetings are as follows;

AUDIT COMMITTEE

Composition

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

Terms of Reference

The terms of reference of the Audit Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory Auditors and the Internal Auditors and meet them for discussions on their findings, suggestions and other related matters. The Committee is empowered to *inter alia* review the remuneration payable to the Statutory Auditors and to recommend the change in auditors, if felt necessary. It is also empowered to review financial statements and investments of unlisted subsidiary companies, management discussion and analysis report, material individual transactions with related parties not in normal course of business or which are not on an arms length basis. Generally all items listed in Clause 49 II (D) of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II (C) of the Listing Agreement. The internal auditors report to the Board the areas of risk and the manner in which it could be managed.

Meetings and Attendance

Four Audit Committee meetings were held during the financial year ended March 31, 2009 on April 23, 2008, July 24, 2008, October 21, 2008, and January 29, 2009. The compositions of Audit Committee and the attendance record at the aforesaid Audit Committee meetings are as follows:

Name	Category	Designation	Number of Audit Committee meetings attended
Mr. Subhash C. Madan	Independent Director	Chairman	4
Mr. Raghubinder Rai	Independent Director	Member	4
Mr. A. K. Mittal	Executive Director	Member	-

The statutory auditor, internal auditor and chief financial officer are invited to attend the meetings of the Audit Committee to point out any observations they may have with regard to finance, accounting, operations and other allied matters.

Mr. Subhash C. Madan was present at the last Annual General Meeting held on August 23, 2008.

REMUNERATION COMMITTEE

Composition

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

Terms of Reference

The role of the Remuneration Committee is to review market practices and to decide on remuneration packages payable to the Managing Director, the Executive Directors and Senior Executives of the Company. During the course of its review, the Committee



also decides on the commission of the Directors and/or other incentives payable, taking into account the individual's performance as well as that of the Company.

Remuneration Policy

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

Meetings and Attendance

During the financial year ended March 31, 2009, one Remuneration Committee meeting was held on July 24, 2008. All the members of the remuneration committee were present in the said meeting.

Remuneration to Non Executive Directors

The Company pays Rs. 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 ended March 31, 2009 along with their shareholding is as under:

Name of the Director	Sitting Fees for the Board Meetings paid/ payable for the financial year ended March 31, 2009 (Rs.)	Number of Equity Shares held as on March 31, 2009	Number of Equity Share Warrants held as on March 31, 2009
Mr. Subhash Chandra Bhargava	50,000	–	–
Mr. Subhash C. Madan	50,000	–	–
Mr. Raghubinder Rai	10,000	–	–
Mrs. Anshu	–	172,275	1,250,000
Mr. Srinath Srinivasan*	30,000	–	–

* Director for part of the year. Srinath Srinivasan resigned on March 25, 2009.

Remuneration to Executive Directors

Remuneration to Managing Director/Whole Time Director(s) is fixed by Remuneration Committee which is subsequently approved by the Board of Directors and the Shareholders at a General Meeting. The Company pays Rs. 10,000 towards sitting fees to Executive Directors for every Board Meeting attended.

Details of remuneration paid/payable to Managing Director/Whole Time Director(s) for the financial year ended March 31, 2009 are as follows:

	Mr. A. K. Mittal Managing Director	Mr. Deepak Mittal Wholetime Director
Salary and allowances	12,400,000	1,698,880
Sitting fees	50,000	40,000
Bonus	–	7,499,000
Perquisites and allowances	1,860,000	–
Total	14,310,000	9,237,880
Service Contract	5 years from April 1, 2005	5 years from April 1, 2005

The shareholding of the Directors as on March 31, 2009 is as under:

Name of the Director	No. of Shares	% of the total paid up equity share capital of the Company
Mr. Subhash Chandra Bhargava	–	–
Mr. A. K. Mittal	361,400	6.23
Mr. Deepak Mittal	–	–
Mr. Subhash C. Madan	–	–
Mr. Raghubinder Rai	–	–
Mrs. Anshu	172,275	2.97

SHAREHOLDERS GRIEVANCE COMMITTEE:

Composition

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

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

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

Meetings and Attendance

During the financial year ended March 31, 2009, six Shareholders Grievance Committee meetings were held on April 9, 2008, April 24, 2008, July 25, 2008, October 22, 2008, December 5, 2008 and January 7, 2009. The attendance record at the aforesaid Shareholders Grievance Committee meetings are as follows:

Name of the Director	Designation	Non-Executive/ Whole time Director	Number of meetings attended
Mrs. Anshu	Chairman	Non Executive Director	6
Mr. Deepak Mittal	Member	Whole Time Director	6

Based on the report received from the Company's registrar and share transfer agent, the Company has received 7 complaints during the financial year 2008-09. All the complaints were redressed to the satisfaction of the shareholders. No complaints were pending unresolved as on March 31, 2009.

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, Free Press Journal Marg, Nariman Point, Mumbai - 400 021.

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

SUBSIDIARY COMPANIES

Clause 49 defines "material non listed Indian subsidiary" as 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.

At the beginning of the financial year 2008-09, the Company has two wholly owned subsidiary companies - A. K. Stockmart Private Limited and A. K. Capital Corporation Private Limited. During the year Girdhar Vanijya Private Limited became the subsidiary of the Company through acquisition of 70.83% of shareholding. None of the subsidiaries of the Company fall under the definition of "material non listed Indian subsidiary" as defined under Clause 49 of the Listing Agreement.

GENERAL BODY MEETINGS

The details of the Annual General Meetings held during past three years and Special Resolutions passed there at are given herein below:

General Meetings	Day, Date, Time and Location	Special Resolution passed
15 th Annual General Meeting	Saturday, August 23, 2008 9.00 a.m. Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi -110 030	<ol style="list-style-type: none"> 1. Increase in remuneration of Mr. A. K. Mittal, Managing Director. 2. Investment in securities of Subsidiary company(s)/ Associate company(s). 3. Investment in securities of other Body Corporate. 4. Further issue of shares / convertible instruments through QIP. 5. Increase in remuneration of Mr. Deepak Mittal, Whole time Director.
14 th Annual General Meeting	Saturday, September 29, 2007, 9.00 a.m. Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi -110 030	<ol style="list-style-type: none"> 1. Alteration of Memorandum of Association and Articles of Association for increase in authorized capital. 2. Preferential issue of Convertible Warrants. 3. Preferential issue of Equity shares. 4. Preferential issue of Convertible Cumulative Preference shares. 5. Increase in remuneration of Mr. A. K. Mittal, Managing Director. 6. Increase in remuneration of Mr. Deepak Mittal, Whole time Director 7. Amendment of Articles of Association.



General Meetings	Day, Date, Time and Location	Special Resolution passed
13 th Annual General Meeting	Saturday, September 30, 2006, 9.00 a.m. Mayfair Celebrations, 1, Qutub Minar Enclave, Restaurant Complex, Mehrauli, New Delhi - 110 030	1. Authorisation to the Board to raise capital through ADR, GDR, Equity Issue, etc.

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

DISCLOSURES

Disclosure of transactions with related parties

- None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the discloser of transactions with the related parties set out in Notes to Accounts - Schedule 'O', forming part of the Annual Report. All related party transactions are on arms length basis and are intended to further the interests of the Company.
- 2,750,000 Equity Share Warrants were allotted on preferential basis on October 13, 2007, to the promoter, promoter group and others, in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, pursuant to the approval of the shareholders in the 14th Annual General Meeting held on September 29, 2007. These Warrants were exercisable within a maximum period of 18 months from the date of allotment into an equal number of fully paid-up equity shares of the Company.

Details of holding of equity share warrants of promoter and promoter group as on March 31, 2009 is as under:

Name of the promoter and promoter group	Category	Number of equity share warrants held
Mr. A. K. Mittal	Promoter and promoter group	1,020,000
Mrs. Anshu	Promoter and promoter group	1,250,000
Mr. Abhinav Kumar	Promoter and promoter group	480,000

The last date to exercise the right to convert equity share warrants into equity shares was April 12, 2009. However, the promoter and promoter groups have not exercised their right to convert equity share warrants upto April 12, 2009 into equity shares and hence the application money was forfeited on the same day.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006, in preparation of its financial statements.

Risk Management

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

Code of prevention of insider trading practices

In Compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992, the Company has framed a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

Management Discussion and Analysis Report

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

CEO/CFO Certification

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

Other Disclosures

- The Company has duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement and all other laws applicable to the Company.
- No penalty has been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any other Statutory Authorities, on any matter related to the capital markets, during last three years.
- The quarterly and yearly financial results are displayed on the Company's website www.akcapindia.com and are being published in English and Hindi newspapers.

I. GENERAL SHAREHOLDER INFORMATION

1	Annual General Meeting (Day, Date, Time and Venue)	Saturday, September 5, 2009 at 9 a.m. Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110 030
2	Financial Calendar (2009-2010)	Financial year - April 1, 2009 to March 31, 2010 Results for the quarter ended June 30, 2009 - before July 30, 2009* 16 th Annual General Meeting - September 5, 2009 Results for the quarter ended September 30, 2009 - before October 30, 2009* Results for the quarter ended December 31, 2009 - before January 30, 2010* Results for the quarter ended March 31, 2010 - before April 30, 2010* * The above dates are indicative.
3	Date of Book Closure	September 3, 2009 to September 5, 2009 (both days inclusive)
4	Dividend Payment Date	On or before October 4, 2009
5	Listing of equity share on stock exchanges	Delhi Stock Exchange Association Limited The Bombay Stock Exchange Limited (The requisite listing fees have been paid in full to all these Stock Exchanges)
6	Stock Code	Delhi Stock Exchange Association Limited - 1305 The Bombay Stock Exchange Limited - 530499
7	Demat ISIN numbers in NSDL and CDSL for equity shares	ISIN No. INE701G01012
8	Registrar and Share Transfer Agent (Correspondence address for all queries relating to the shares of the Company)	Abhipra Capital Limited Abhipra Complex, A -387, Dilkhush Industrial Area, G. T. Karnal Road, New Delhi -110 033 Tel: +91 11 42390990, Fax: +91 11 42390911
9	Share transfer system	The Company's shares are compulsorily traded in dematerlised form. Transfers in physical form logged at the Registrar and Share Transfer Agent's office are processed within maximum period of 30 days, provided all the documents are submitted.
10	Dematerialization of shares	As on March 31, 2009, 96.12% of the paid-up equity share capital of the Company was in dematerialized form.
11	Outstanding convertible instruments, conversion date and likely impact on equity	i) Preferential allotment of 800,000 6% Convertible Cumulative Preference Shares (CCPS) was made to FirstRand (Ireland) PLC on October 13, 2007 at an issue price of Rs.225 per share. Each CCPS will be exercisable into one equity share to be issued, in one or more tranches, within a period of 18 months from the date of allotment. On conversion of CCPS into equity shares, the paid-up equity share capital of the Company will increase accordingly. ii) Preferential allotment of 3,000,000 equity share warrants was made to the promoter group and others on October 13, 2007. Each equity share warrant will be exercisable into one equity share to be issued, in one or more tranches, at the price of Rs.225 per share within a period of 18 months from the date of allotment. Against these, application money of 10% of the exercisable price has been received. If the applicants opt for conversion of equity share warrants into equity shares, the paid-up equity share capital of the company will increase accordingly. The promoter, promoter group and others have not exercised their right to convert equity share warrants into equity share upto April 12, 2009, hence the application money was forfeited on the same day.
12	Address for correspondence	Mr. Pawan Kumar Agarwal A. K. Capital Services Limited 609, Antriksh Bhawan, 6th Floor, 22 Kasturba Gandhi Marg, New Delhi - 110 001 Tel: +91 11 23739628, Fax: +91 11 23739627 Email: akdelhi@akgroup.co.in

**II. DISTRIBUTION OF EQUITY SHAREHOLDING**

Distribution schedule of Equity shareholding of the Company as on March 31, 2009 is as follows:

Category			Number of shareholders	% of total shareholders	Total Number of shares held	% of total shareholding
From		To				
1	-	2,500	573	62.89	32,984	0.57
2,501	-	5,000	147	16.14	54,172	0.93
5,001	-	10,000	46	5.05	35,326	0.61
10,001	-	20,000	27	2.96	41,006	0.71
20,001	-	30,000	14	1.54	35,348	0.61
30,001	-	40,000	13	1.43	44,447	0.77
40,001	-	50,000	17	1.87	80,350	1.38
50,001	-	100,000	18	1.98	138,097	2.38
100,001	-	Above	56	6.14	5,338,270	92.04
Total			911	100.00	5,800,000	100.00

Equity Shareholding Pattern of the Company as on March 31, 2009 is as follows:

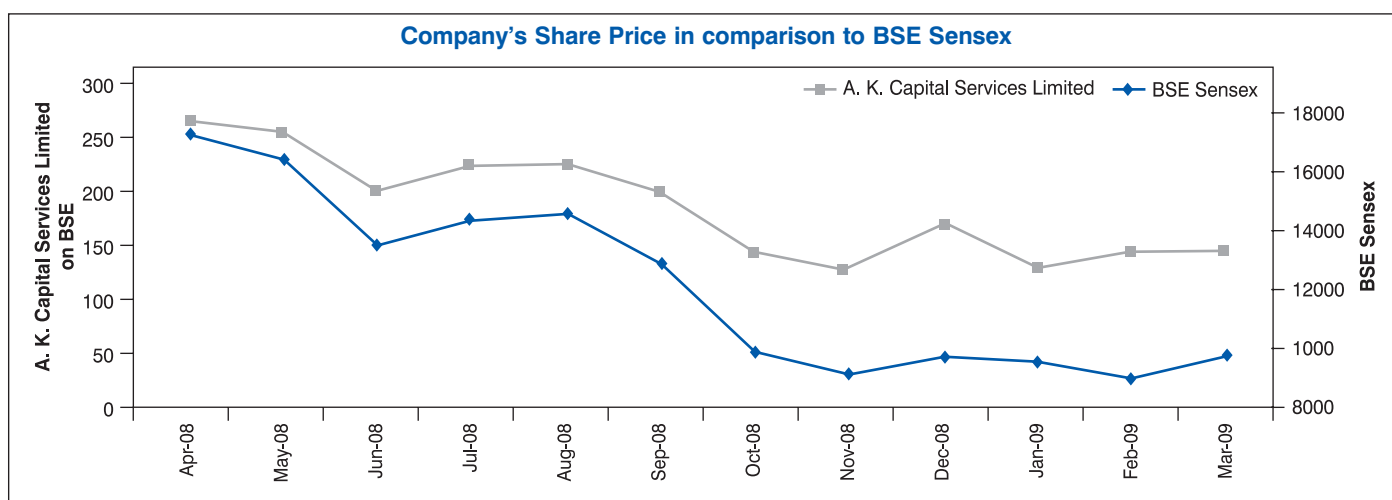
Category	Number of shares	% of total shareholding
Promoter and promoter group		
Indian	3,552,138	61.24
Sub total (A)	3,552,138	61.24
Public		
FII's	869	0.01
NRIs/Foreign bodies corporate	203,716	3.51
Indian bodies corporate	860,383	14.83
Individual/HUF	1,129,187	19.47
Clearing members	53,707	0.94
Sub total (B)	2,247,862	38.76
Total shareholding (A) + (B)	5,800,000	100.00

III. STOCK PRICE DATA

Stock Price Data of the Company for the FY 2008-2009 on The Bombay Stock Exchange Limited is as follows:

Month	High Price (Rs.)	Low Price (Rs.)
April 2008	339.00	220.00
May 2008	289.75	223.65
June 2008	269.95	172.05
July 2008	259.00	166.00
August 2008	257.00	208.00
September 2008	250.00	165.15
October 2008	200.00	110.10
November 2008	168.00	110.40
December 2008	169.90	110.30
January 2009	190.00	118.80
February 2009	151.00	125.50
March 2009	148.00	119.20

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



MEANS OF COMMUNICATION

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

IV. COMPLIANCE CERTIFICATE FROM THE AUDITORS

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

Place: Mumbai

Date: July 25, 2009

ANNEXURE I

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management, which is posted on the website of the Company. The Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended March 31 2009.

By the order of the Board of Directors

A. K. Mittal
Managing Director

Place: Mumbai

Date: July 25, 2009

ANNEXURE II

CEO AND CFO CERTIFICATION

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

1. We have reviewed financial statements and cash flow statement for the financial year ended March 31, 2009 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
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:
 - i. no significant change in internal control over financial reporting during the year,
 - ii. no significant change in accounting policies during the year under review and
 - iii. no instances of any fraud in the Company in which the management has any role.

A. K. Mittal
Managing Director

Vikas S Agarwal
CFO

Place: Mumbai

Date: July 25, 2009



ANNEXURE III

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE BY THE AUDITORS

To the Shareholders
A. K. Capital Services Limited

We have examined the compliance of Corporate Governance by A. K. Capital Services Limited for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

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

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

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

For Suresh Surana & Associates
Chartered Accountants

Ramesh Gupta
Partner
Membership no. 102306

Place : Mumbai
Date : July 25, 2009

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 31 March 2009 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
 - e) On the basis of written representations received from the directors of the Company as on 31 March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2009 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 31 March 2009;
 - 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

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : July 25, 2009



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 inter corporate deposits to a company. The maximum amount involved during the year was Rs. 383,096,243 and year end balance was Rs. Nil.
 - b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted are *prima facie*, not prejudicial to the interest of the Company.
 - c) In our opinion and according to information and explanations given to us, receipt of the principal amount and interest is regular.
 - d) There is no overdue amount. Accordingly, the provisions of clause 4(iii)(d) of the Order is not applicable.
 - e) The Company has not taken loans, secured or unsecured from companies, firms or other parties listed 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 Rs. 500,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public 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 has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. There were no arrears in this respect as at 31 March 2009 for a period of more than six months from the date they became payable.
 - b) According to information and explanations given to us, there are no dues of sales tax, service tax, income tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
11. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable to the Company.

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

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : July 25, 2009

**BALANCE SHEET AS AT 31 MARCH 2009**

	<u>Schedule</u>	<u>As at 31/03/2009 Rs.</u>	<u>As at 31/03/2008 Rs.</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	238,000,000	238,000,000
Equity share warrants		67,500,000	67,500,000
Reserves and surplus	B	1,056,141,847	707,417,016
		<u>1,361,641,847</u>	<u>1,012,917,016</u>
Loan funds			
Secured loans	C	210,065,336	1,015,084,669
Deferred tax liabilities (net)		10,137,224	1,537,438
TOTAL FUNDS EMPLOYED		<u>1,581,844,407</u>	<u>2,029,539,123</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	D	443,392,481	67,132,868
Less : Depreciation		35,384,310	19,589,256
Net block		408,008,171	47,543,612
Capital work in progress		-	11,161,112
		<u>408,008,171</u>	<u>58,704,724</u>
Investments	E	1,025,533,369	1,652,024,298
Current assets, loans and advances			
Sundry debtors	F	29,483,880	194,777,702
Cash and bank balances	G	98,683,838	22,354,462
Loans and advances	H	603,467,527	394,912,668
		<u>731,635,245</u>	<u>612,044,832</u>
Less : Current liabilities and provisions	I		
Current liabilities		170,334,669	46,186,821
Provisions		412,997,709	247,047,910
		<u>583,332,378</u>	<u>293,234,731</u>
Net current assets		<u>148,302,867</u>	<u>318,810,101</u>
TOTAL FUNDS UTILISED		<u>1,581,844,407</u>	<u>2,029,539,123</u>
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

For and on behalf of the Board of Directors

A. K. Mittal
Managing DirectorAnshu
DirectorRamesh Gupta
Partner
Membership No. 102306Niki Shingade
Company SecretaryPlace : Mumbai
Date : July 25, 2009Place : Mumbai
Date : July 25, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Schedule	Current Year Rs.	Previous Year Rs.
INCOME			
Merchant banking fees		786,924,875	681,433,577
Investment income	J	501,701,943	175,259,381
Interest income (tax deducted at source Rs. 2,995,612; previous year Rs. 1,289,615)		13,277,262	5,755,143
Other income	K	11,527,261	168,744
		1,313,431,341	862,616,845
EXPENDITURE			
Personnel cost	L	101,245,188	62,960,559
Administrative, selling and other expenses	M	475,359,798	379,884,308
Interest expenses	N	136,889,487	7,274,796
Depreciation / amortisation		16,623,787	7,746,064
		730,118,260	457,865,727
Profit before tax		583,313,081	404,751,118
Less : Provision for taxation:			
current tax		194,000,000	132,500,000
deferred tax		8,599,786	34,284
fringe benefit tax		4,650,000	5,720,000
wealth tax		116,000	150,000
		207,365,786	138,404,284
Profit after tax		375,947,295	266,346,834
Prior year tax adjustments		(196,619)	-
Balance brought forward from previous year		333,328,056	146,634,660
Profit available for appropriation		709,078,732	412,981,494
APPROPRIATIONS			
Amount transferred to general reserve		50,000,000	50,000,000
Dividend on convertible cumulative preference shares		-	5,045,902
Proposed dividend on equity shares		23,100,000	20,300,000
Dividend tax thereon		3,925,845	4,307,536
Surplus carried to Balance Sheet		632,052,887	333,328,056
		709,078,732	412,981,494
Basic earnings per share		64.82	48.47
Diluted earnings per share		39.16	37.26
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 : July 25, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Niki Shingade
Company Secretary

Place : Mumbai
Date : July 25, 2009

Anshu
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009**

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	583,313,081	404,751,118
Adjustments for		
Depreciation	16,623,787	7,746,064
Loss/(profit) on sale of fixed assets	1,172,637	426,648
Interest income on short term investments	(48,501,399)	(4,422,169)
Interest income - others	(13,277,262)	(5,755,143)
Interest expenses	136,889,487	7,274,796
Profit on sale of current investments (net)	(449,281,597)	(145,083,867)
Dividend income on short term investments	(3,918,947)	(25,753,345)
Deposits / bad debts written-off	8,961,356	1,753,425
Balances written back	(120,363)	(112,200)
Operating profit before working capital adjustments	231,860,780	240,825,327
Adjustments for		
Trade and other receivables	189,940,374	(111,334,991)
Trade payable and other trade liabilities	118,642,710	38,951,229
Cash generated from operations	540,443,864	168,441,565
Direct taxes paid	(230,857,419)	(93,676,312)
Net cash generated from operating activities	309,586,445	74,765,253
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work in progress)	(370,227,922)	(15,372,695)
Sale of fixed assets	2,601,000	115,902
(Purchase) / sale of investments (net)	1,075,772,526	(1,431,404,742)
Advance for investments in bonds	(31,525,000)	(130,000,000)
Dividend income on short term investments	3,918,947	25,753,345
Interest income on short term investments	37,783,930	4,033,097
Net cash generated from/(used in) investing activities	718,323,481	(1,546,875,093)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity share capital	-	8,000,000
Issue of preference share capital	-	180,000,000
Issue of equity share warrants	-	67,500,000
Securities premium received	-	172,000,000
Proceeds/(repayment) of borrowings (net)	(805,019,333)	1,005,080,657
Interest received	13,277,262	5,755,143
Interest paid	(130,185,041)	(5,534,375)
Dividend paid	(25,345,902)	(17,500,000)
Dividend distribution tax paid	(4,307,536)	(2,974,125)
Net cash generated from/(used in) financing activities	(951,580,550)	1,412,327,300
Net increase/(decrease) in cash and cash equivalents (A+B+C)	76,329,376	(59,782,540)
Cash and cash equivalents at the beginning of the year	22,354,462	82,137,002
Cash and cash equivalents at the end of the year	98,683,838	22,354,462
Cash and cash equivalents at the end of the year comprise of:		
Cash on hand	907,445	1,972,479
Balances with banks in current accounts	97,348,731	19,850,186
Balances with banks in unpaid dividend accounts	427,662	531,797
	98,683,838	22,354,462

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

Ramesh Gupta
Partner
Membership No. 102306
Place : Mumbai
Date : July 25, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Niki Shingade
Company Secretary
Place : Mumbai
Date : July 25, 2009

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
15,000,000 Equity Shares of Rs. 10 each	150,000,000	150,000,000
200,000 Redeemable cumulative preference shares of Rs. 100 each	20,000,000	20,000,000
800,000 Convertible cumulative preference shares of Rs. 225 each	180,000,000	180,000,000
	350,000,000	350,000,000
Issued, subscribed and paid up		
5,800,000 Equity shares of Rs. 10 each fully paid up	58,000,000	58,000,000
800,000 6% Convertible cumulative preference shares of Rs. 225 each fully paid up	180,000,000	180,000,000
	238,000,000	238,000,000

- The Company has allotted on 13 October 2007, 800,000 6% Convertible cumulative preference shares (CCPS) of Rs. 225 each for cash to FirstRand (Ireland) Public Limited Company. Each CCPS is convertible into 1 (one) equity share of Rs. 10 each at a premium of Rs.215 per equity share within a period of 18 months from the date of allotment.
- The Company has allotted on 13 October 2007, 3,000,000 equity share warrants at Rs. 225 each to the promoter group and others. An amount equivalent to 10% of the subscription amount has been received as application money. Each equity share warrant is convertible into 1 (one) equity share of Rs. 10 each at a premium of Rs. 215 per equity share within a period of 18 months from the date of allotment. The balance amount is payable at the time of conversion of equity share warrants.

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - B		
RESERVES AND SURPLUS		
General reserve		
As per last balance sheet	202,088,960	150,370,810
Transferred from profit and loss account	50,000,000	50,000,000
Adjustments in accordance with transitional provision in Accounting Standard - 15 'Employee Benefits' (Revised 2005) for earlier years upto 31 March 2007 (net of deferred tax Rs.435,853)	-	1,718,150
	252,088,960	202,088,960
Securities premium		
As per last balance sheet	172,000,000	-
Add: Received during the year	-	172,000,000
	172,000,000	172,000,000
Surplus as per profit and loss account	632,052,887	333,328,056
	1,056,141,847	707,417,016



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009

SCHEDULE - C

SECURED LOANS

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Bank overdraft*	–	1,009,241,260
Term loan from a bank* (Repayable within one year Rs.31,428,564; previous year Rs.Nil)	205,322,204	–
Vehicle loans from a bank* (Repayable within one year Rs.2,792,105; previous year Rs.4,815,977)	4,743,132	5,843,409

* Refer note B-1 of Schedule 'O'

210,065,336	1,015,084,669
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SCHEDULE - D

FIXED ASSETS

(Amount in Rupees)

ASSET DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2008	Additions during the year	Sales / adjustments	As at 31/03/2009	Up to 31/03/2008	For the year	Sales / adjustments	Up to 31/03/2009	As at 31/03/2009	As at 31/03/2008
Leasehold improvements	8,237,058	6,734,245	–	14,971,303	4,416,240	7,061,100	–	11,477,340	3,493,963	3,820,818
Office buildings (Refer note 1 below)	11,016,284	354,614,122	–	365,630,406	1,900,096	4,608,194	–	6,508,290	359,122,116	9,116,188
Machinery	369,060	–	–	369,060	226,409	17,530	–	243,939	125,121	142,651
Computer	9,074,177	310,194	–	9,384,371	6,877,289	1,527,593	–	8,404,882	979,489	2,196,888
Office equipment	9,839,669	613,016	–	10,452,685	1,318,584	477,793	–	1,796,377	8,656,308	8,521,085
Furniture and fixtures	9,327,614	8,089,455	–	17,417,069	1,004,463	941,944	–	1,946,407	15,470,662	8,323,151
Vehicles (Refer note 2 below)	19,269,006	8,107,102	4,602,370	22,773,738	3,846,175	1,923,137	828,733	4,940,579	17,833,159	15,422,831
Software	–	2,393,849	–	2,393,849	–	66,496	–	66,496	2,327,353	–
	67,132,868	380,861,983	4,602,370	443,392,481	19,589,256	16,623,787	828,733	35,384,310	408,008,171	47,543,612
Previous year	63,601,051	4,494,251	962,434	67,132,868	12,263,076	7,746,064	419,884	19,589,256	47,543,612	
Capital work in progress									–	11,161,112

Notes:

- Office buildings includes premises on leasehold land Rs. 343,500,152 (as at 31/03/2008 Rs. Nil)
- Hypothecated against loan taken (gross block Rs. 12,045,198, as at 31/03/2008 Rs. 15,129,959 and accumulated depreciation Rs. 1,709,267, as at 31/03/2008 Rs. 2,330,836)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009

SCHEDULE - E INVESTMENTS	Face Value Rs.	As at 31/03/2009		As at 31/03/2008	
		Numbers	Rs.	Numbers	Rs.
Non trade, Quoted (fully paid up) - Current					
Equity shares					
Shamken Spinners Limited	10	8,500	9,180	9,000	22,770
Bonds					
9.10% Punjab & Sind Bank	1,000,000	-	-	**44	442,123,730
9.15% Andhra Bank	1,000,000	-	-	100	98,250,000
9.20% Bank of Maharashtra	1,000,000	-	-	**50	49,162,500
9.20% PNB Housing 2019	1,000,000	-	-	**117	117,058,500
9.20% PNB Housing 2020	1,000,000	-	-	5	5,005,000
9.20% PNB Housing 2021	1,000,000	-	-	90	90,090,000
9.35% UCO Bank	1,000,000	-	-	39	39,015,600
9.30% State Bank of Patiala	1,000,000	-	-	1	1,000,000
9.78% State Bank of Bikaner and Jaipur	1,000,000	-	-	**156	159,608,000
9.30% WBIDFC	1,000,000	-	-	**2	2,016,000
9.35% Punjab National Bank	1,000,000	-	-	**1	996,000
9.95% Dewan Housing Finance Limited	1,000,000	-	-	**5	50,000,000
9.95% State Bank of Hyderabad	1,000,000	100	103,540,000	**500	500,000,000
13.50% Maharashtra Jivan Pradhikaran	50,000	-	-	2	100,000
10% Indusind Bank	1,000,000	3	3,000,789	-	-
10.50% Indusind Bank	1,000,000	219	219,000,000	-	-
11% Andhra Bank	1,000,000	1	1,001,940	-	-
12.60% STFCL	100,000	180	18,003,600	-	-
8.03% GOI FCI Special - 2024	1,000,000	30	30,073,950	-	-
8.75% Oriental Bank of Commerce - 2024	1,000,000	2	2,000,000	-	-
9.20% Allahabad Bank	1,000,000	10	10,000,000	-	-
9.34% State Bank of Travancore	1,000,000	155	156,438,500	-	-
9.50% TFCL - 2019	1,000,000	95	95,000,000	-	-
9.75% Punjab National Bank	1,000,000	100	100,924,410	-	-
			738,992,369		1,554,448,100
Non trade, Unquoted (fully paid up) - Current					
LICMF Income Plus Fund - Daily Dividend Plan	10	10,900,000	109,000,000	-	-
			109,000,000		-
In subsidiaries (Unquoted) - long term					
Equity shares of A. K. Stockmart Private Limited	10	7,000,000	70,000,000	7,000,000	70,000,000
Equity shares of A. K. Capital Corporation Pvt. Ltd.	10	2,100,000	21,000,000	2,100,000	21,000,000
Equity shares of Girdhar Vanijya Private Limited	10	148,740	14,874,000	-	-
			105,874,000		91,000,000
Trade, unquoted - others - long term					
Equity shares of Intelligroup Advisors Private Limited	10	4,600	46,000	4,600	46,000
Equity shares of A. K. Capital Retail Private Limited	10	1,000	10,000	1,000	10,000
Equity shares of A. K. Commodities Private Limited	10	3,000	30,000	3,000	30,000
Equity shares of A. M. Care Limited	10	100	1,000	100	1,000
Equity shares of A. K. Wealth Management Pvt. Ltd.	10	8,000	80,000	8,000	80,000
Equity shares of Sunrise Corporate Services Limited	10	100,000	1,000,000	100,000	1,000,000
			1,167,000		1,167,000
Non trade, unquoted - others - long term					
Units of Urban Infrastructure Opportunities Fund	100,000	500	70,500,000	-	-
			70,500,000		-
Others					
Gold coins and ornaments			-		5,409,198
			1,025,533,369		1,652,024,298
Aggregate value of quoted investments					
Equity			9,180		22,770
Bonds			738,983,189		1,554,425,330
Aggregate value of unquoted investments			286,541,000		92,167,000
Market value of quoted investments					
Equity			9,180		22,770
Bonds*			738,983,189		1,554,425,330

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

** Refer Note B-1 of Schedule - "O"

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009**

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	–	7,290,810
Other debts	29,483,880	187,486,892
	29,483,880	194,777,702
SCHEDULE - G		
CASH AND BANK BALANCES		
Cash on hand	907,445	1,972,479
Balances with scheduled banks:		
– in current accounts	97,348,731	19,850,186
– in unpaid dividend accounts	427,662	531,797
	98,683,838	22,354,462
SCHEDULE - H		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind for value to be received	10,331,000	5,043,354
Deposits*	68,088,122	96,267,322
Bond application money**	161,525,000	130,000,000
Advance tax and tax deducted at source (including fringe benefit tax paid Rs. 14,945,340; as at 31/03/2008 Rs.8,964,960)	363,523,405	163,601,992
	603,467,527	394,912,668
* Refer note B-12 of Schedule "O"		
** Refer note B-1 of Schedule "O"		
SCHEDULE - I		
CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors		
(a) total outstanding dues of micro and small enterprises (Refer note B - 14 of Schedule 'O')	–	–
(b) total outstanding dues of creditors other than micro, and small enterprises	103,107,944	9,319,054
Advance received from clients	28,627,103	–
Other liabilities	23,293,322	34,595,576
Deposits	6,435,990	–
Interest accrued but not due on loan	8,444,867	1,740,421
Investor Education and Protection Fund (shall be credited by following amount as and when due):		
Unpaid dividend*	425,443	531,770
	170,334,669	46,186,821
Provisions		
For income tax	367,400,000	204,139,387
For fringe benefit tax	14,630,389	9,980,389
For wealth tax	375,086	259,086
For retirement benefits	3,566,389	3,015,610
For dividend on convertible cumulative preference shares *	–	5,045,902
For proposed dividend *	23,100,000	20,300,000
For dividend tax	3,925,845	4,307,536
	412,997,709	247,047,910
	583,332,378	293,234,731

* There are no dues which needs to be credited in to Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as of 31/03/2009.

* 800,000 6% convertible cumulative preference shares outstanding as at 31/03/2009 has been converted into 800,000 equity shares on 13/04/2009. Consequently, the total number of equity shares (of Rs. 10 each) of the Company has increased from 5,800,000 to 6,600,000. Provision for proposed dividend is considering the increased number of equity shares. Accordingly no provision is made for dividend on convertible cumulative preference shares.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009

	Current Year Rs.	Previous Year Rs.
SCHEDULE - J		
INVESTMENT INCOME		
Profit on sale of current investments (net)	449,281,597	145,083,867
Interest income on short term investments (tax deducted at source Rs. 4,524,478 ; previous year Rs. 334,815)	48,501,399	4,422,169
Dividend income on short term investments	3,918,947	25,753,345
	501,701,943	175,259,381
SCHEDULE - K		
OTHER INCOME		
Rent income	11,348,798	-
Other income	178,463	168,744
	11,527,261	168,744
SCHEDULE - L		
PERSONNEL COST		
Salaries, bonus and allowances	95,977,038	57,785,196
Contribution to provident and other funds	44,790	43,860
Staff welfare expenses	5,223,360	5,131,503
	101,245,188	62,960,559
SCHEDULE - M		
ADMINISTRATIVE AND OTHER EXPENSES		
Traveling and conveyance expenses	14,821,949	11,963,466
Rent expenses	73,733,618	51,892,139
Rates and taxes	2,419,329	3,077,932
Electricity expenses	3,847,969	3,384,844
Auditor's remuneration	219,500	214,628
Communication charges	4,239,479	2,981,112
Books and subscription expenses	871,918	834,421
Printing and stationery expenses	7,665,985	4,620,099
Conference and AGM expenses	269,323	1,587,324
Legal and professional expenses	71,843,985	15,551,309
Bank charges and processing fees	5,844,954	259,547
Securities transaction tax	-	2,031,569
Repairs and maintenance		
– building	4,816,273	2,129,880
– others	3,571,198	3,809,136
Loss on sale of fixed assets (net)	1,172,637	426,648
Service tax	1,264,873	30,085,026
Directors sitting fees	230,000	160,000
Deposits / bad debts written-off	8,961,356	1,753,425
Donation	220,250	10,700
Software expenses	674,115	224,184
Advertisement expenses	10,934,781	15,972,470
Business promotion expenses	23,353,723	28,739,769
Brokerage paid	5,619,300	695,230
Incentive expenses	7,659,838	10,980,697
Sub arranger fees	219,940,000	185,489,030
Miscellaneous expenses	1,163,445	1,009,723
	475,359,798	379,884,308
SCHEDULE - N		
INTEREST EXPENSES		
On term loan	19,825,535	664,278
On others	117,063,952	6,610,518
	136,889,487	7,274,796



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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 notified by the Central Government of India, to the extent applicable and the 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:

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

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

6. Revenue recognition:

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

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

7. 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:

i) Defined contribution plans

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

ii) Defined benefit plans

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

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

iii) Employee leave entitlement

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

9. Accounting for taxes on income:

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

- ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- iii) Fringe benefit tax is provided as per the provisions of Income Tax Act, 1961 on chargeable expenses incurred during the year.

10. Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased 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. i) Bank overdraft:

As on 31/03/2009, no securities were pledged with a bank for the bank overdraft facility. As on 31/03/2008, following debt securities were pledged with a bank for the bank overdraft facility:

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

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

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

- ii) Term loan has been 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.
- iii) Vehicle loans are secured by hypothecation of vehicles purchased against the said loan.



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

2. i) Quantitative details of investments purchased and sold during the year:

Sr. No.	Particulars	Current Year		Previous Year	
		Quantity No.	Amount Rs.	Quantity No.	Amount Rs.
1.	Mutual Fund Units	Nil	Nil	11,542,348	200,000,000
2.	Liquid Fund Units	2,348,506,497	31,196,900,000	239,000,582	3,690,500,000
3.	Bonds	48,700	36,346,646,363	41,956	26,239,231,474
4.	Equity Shares	Nil	Nil	4,208,729	731,931,089

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

3. 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 cancellable operating lease are as follows:

Particulars	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Not later than one year	45,173,700	3,041,000

The amount of lease payments with respect to the above lease recognised in the profit and loss account for the year is Rs. 15,057,900 (previous year Rs. 6,082,000).

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 31/03/2009 Rs.	As at 31/03/2008 Rs.
Gross block	343,500,152	–
Accumulated depreciation	4,310,503	–
Depreciation recognized in the profit and loss account for the year	4,310,503	–
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 31/03/2009 Rs.	As at 31/03/2008 Rs.
Not later than one year	7,401,390	–

4. Related party disclosure:

i) Related parties and their relationships:

Wholly owned subsidiary	A. K. Stockmart Private Limited A. K. Capital Corporation Private Limited Girdhar Vanijya Private Limited (w.e.f. 4 September 2008)
Enterprise on which key management personnel or their relatives have significant influence	A. K. Capital Markets Limited A. K. Services Private Limited Second Leasing Private Limited
Key management personnel	Mr. Atul Kumar Mittal Mr. Deepak Mittal
Relative of key management personnel	Mrs. Anshu Mr. Abhinav Kumar Mittal

Notes:

- 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.
- 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 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

ii) Transactions with related parties:

Particulars	Current Year Rs.	Previous Year Rs.
Investments in share capital		
A. K. Stockmart Private Limited	–	20,000,000
Girdhar Vanijya Private Limited	14,874,000	–
Inter corporate deposits given and received back		
A. K. Services Private Limited	1,260,194,460	7,545,765,460
Interest received		
A. K. Services Private Limited	13,219,825	5,691,150
Remuneration paid		
A. K. Mittal	12,450,000	7,860,000
Deepak Mittal	9,237,880	3,195,444
Deposits given for rent		
Anshu	–	1,000,000
Abhinav Kumar Mittal	–	975,000
Brokerage paid		
A. K. Stockmart Private Limited	50	1,549,328
Brokerage received		
A. K. Capital Markets Limited	–	112,000
Purchase of securities		
A. K. Services Private Limited	–	9,168,563,675
Second Leasing Private Limited	–	95,173,700
Sale of securities		
A. K. Services Private Limited	–	3,026,635,861
Second Leasing Private Limited	–	36,029,309
Rent paid		
A. K. Mittal	3,469,950	3,454,500
Anshu	3,469,950	2,692,700
Abhinav Kumar Mittal	5,551,377	5,339,070
Sale of investment		
A. K. Services Private Limited	–	350,000
Subscription to equity share warrants		
A. K. Mittal	–	22,950,000
Anshu	–	28,125,000
Abhinav Kumar Mittal	–	10,800,000
Rent deposit given outstanding as at year end		
A. K. Mittal	11,450,000	11,450,000
Anshu	7,450,000	7,450,000
Abhinav Kumar Mittal	11,962,000	11,962,000
Balances receivable as at year end		
A. K. Services Private Limited	–	350,000

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

5. 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 Rs.	Previous Year Rs.
a) Change in present value of obligation		
Present value of obligation as at beginning of the year	2,812,569	1,531,343
Interest cost	225,006	122,507
Service cost	633,246	606,819
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(372,386)	551,900
Present value of obligation as at year end	3,298,435	2,812,569
b) Amount recognized in the Balance Sheet		
Present value of obligation, as at year end	3,298,435	2,812,569
Fair value of plan assets as at year end	-	-
Net liabilities recognized in the Balance Sheet	3,298,435	2,812,569
c) Expense recognized during the year		
Current service cost	633,246	606,819
Interest cost	225,006	122,507
Expected return on plan assets	-	-
Net Actuarial (gain)/loss to be recognized	(372,386)	551,900
Net periodic cost	485,866	1,281,226
d) Assumptions used in accounting for the gratuity plan	% (p.a.)	% (p.a.)
Mortality rate	LIC	LIC
	(1994-96)	(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.

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

Particulars	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Deferred tax liability on account of		
Depreciation	11,258,362	2,493,430
Less: Deferred tax assets		
Gratuity	1,121,138	955,992
Deferred tax liability (net)	10,137,224	1,537,438

7) 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.

8) Earnings per share (EPS):

	Current Year	Previous Year
(i) Net profit after tax (Rs.)	375,947,295	266,346,834
(ii) Less: Preference share dividend including tax on dividend (Rs.)	-	5,903,453
(iii) Net profit after tax available for equity shareholder (Rs.)	375,947,295	260,443,381
(iv) Weighted average number of equity shares outstanding at the year end (No.)	5,800,000	5,373,770
(v) Basic earnings per share (Rs.)	64.82	48.47
(vi) Weighted average number of equity shares to be issued against convertible cumulative preference shares and convertible equity share warrants (No.)	3,800,000	1,775,409
(vii) Weighted average number of diluted equity shares (No.)	9,600,000	7,149,179
(viii) Diluted earnings per share (Rs.)	39.16	37.26
(ix) Nominal value of share (Rs.)	10	10

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

10) Expenditure in foreign currency (on actual payment basis):

Particulars	Current Year Rs.	Previous Year Rs.
Travelling expenses	1,205,710	315,212
Business promotion expenses	934,744	Nil
Total	2,140,454	315,212

11) Directors remuneration:

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

Particulars	Current Year Rs.	Previous Year Rs.
Salaries, bonus and allowances	21,687,880	11,055,444
Perquisites	1,860,000	1,560,000
Total	23,547,880	12,615,444

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.

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

13) Auditor's remuneration:

Particulars	Current Year Rs.	Previous Year Rs.
Audit fees	111,000	92,000
Tax audit fees	24,000	24,000
Taxation matters	Nil	55,000
Certification fees	84,500	43,628
Total	219,500	214,628

14) 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.

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

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

17) Previous year's 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 : July 25, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Niki Shingade
Company Secretary

Place : Mumbai
Date : July 25, 2009

Anshu
Director



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, 2009
State Code	:	55

II. Capital raised during the year

	:	(Amount in Rs. Thousands)
Public issue	:	Nil
Rights issue	:	Nil
Bonus issue	:	Nil
Private placement	:	Nil

III. Position of mobilisation and deployment of funds

	:	(Amount in Rs. Thousands)
Total liabilities	:	2,165,177
Total assets	:	2,165,177

Sources of funds

Paid-up capital	:	238,000
Equity share warrants	:	67,500
Reserves and surplus	:	1,056,142
Secured loans	:	210,065
Unsecured loans	:	Nil
Deferred tax liability(net)	:	10,137

Application of funds

Net fixed assets (including capital work-in-progress)	:	408,008
Investments	:	1,025,533
Net current assets	:	148,303
Miscellaneous expenditure	:	Nil
Accumulated losses	:	Nil

IV. Performance of Company

	:	(Amount in Rs. Thousands)
Turnover / Income	:	1,313,431
Total expenditure	:	730,118
Profit before tax	:	583,313
Profit after tax	:	375,947
Basic earnings per share in Rs. (Face value Rs.10 per share)	:	64.82
Diluted earnings per share in Rs. (Face value Rs.10 per share)	:	39.16
Dividend rate (%)	:	35

V. Generic Names of Three Principal Products / Services of the Company

	:	(As per monetary terms)
Item code no. (ITC Code)	:	Not Applicable
Service description	:	Providing merchant banking services

AUDITORS' REPORT

To,
The 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 31 March 2009, 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 and Girdhar Vanijya Private Limited, whose financial statements reflect total assets of Rs.150,150,509 as at 31 March 2009, total revenue of Rs. 30,112,150 and net cash outflows amounting to Rs. 27,495,656 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 Standard) Rule, 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 31 March 2009;
 - 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

Ramesh Gupta
Partner
Membership No.: 102306

Place : Mumbai
Date : July 25, 2009

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009**

	<u>Schedule</u>	<u>As at 31/03/2009 Rs.</u>	<u>As at 31/03/2008 Rs.</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	238,000,000	238,000,000
Equity share warrants		67,500,000	67,500,000
Reserves and surplus	B	1,065,967,717	709,102,152
		<u>1,371,467,717</u>	<u>1,014,602,152</u>
Minority Interest		7,748,326	–
Loan funds			
Secured loans	C	210,065,336	1,015,084,669
Deferred tax liabilities (net)		10,187,437	1,025,126
TOTAL FUNDS EMPLOYED		<u>1,599,468,816</u>	<u>2,030,711,947</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	D	448,705,280	69,263,438
Less : Depreciation		36,177,281	19,825,546
Net block		412,527,999	49,437,892
Capital work in progress		–	11,161,112
		<u>412,527,999</u>	<u>60,599,004</u>
Goodwill on consolidation		609,393	–
Investments	E	992,137,778	1,573,482,489
Current assets, loans and advances			
Sundry debtors	F	40,444,471	203,567,400
Cash and bank balances	G	111,642,594	61,207,051
Loans and advances	H	652,625,031	448,068,847
		<u>804,712,096</u>	<u>712,843,298</u>
Less : Current liabilities and provisions	I		
Current liabilities		189,828,623	66,616,074
Provisions		420,689,827	249,596,770
		<u>610,518,450</u>	<u>316,212,844</u>
Net current assets		194,193,646	396,630,454
Miscellaneous expenditure	J	–	–
TOTAL FUNDS UTILISED		<u>1,599,468,816</u>	<u>2,030,711,947</u>
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 : July 25, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Niki Shingade
Company Secretary

Anshu
Director

Place : Mumbai
Date : July 25, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Schedule	Current Year Rs.	Previous Year Rs.
INCOME			
Merchant banking fees		786,924,875	681,433,577
Brokerage income		4,724,847	17,440,644
Investment income	K	524,552,093	177,045,614
Other income	L	27,202,707	8,545,791
		1,343,404,522	884,465,626
EXPENDITURE			
Personnel cost	M	109,709,240	71,965,676
Administrative, selling and other expenses	N	480,474,415	384,308,336
Interest expenses	O	136,889,487	7,274,796
Depreciation / amortisation		17,180,468	7,982,354
Miscellaneous expenditure written off		32,820	4,683,041
		744,286,430	476,214,203
Profit before tax		599,118,092	408,251,423
Less : Provision for taxation			
- current tax		198,892,000	134,825,000
- deferred tax expense / (credit)		9,162,311	(478,028)
- fringe benefit tax		4,743,500	5,852,000
- wealth tax		116,000	150,000
		212,913,811	140,348,972
Profit after tax and before prior year adjustment and minority interest		386,204,281	267,902,451
Prior year expenses		(242,896)	-
Prior year tax adjustments		(196,259)	-
Profit after tax, before minority interest		385,765,126	267,902,451
Share of minority interest		(1,873,716)	-
Balance brought forward from previous year		335,013,192	146,746,472
Reversal of share of loss of associates up to 31/03/2007		-	17,707
Profit available for appropriation		718,904,602	414,666,630
APPROPRIATIONS			
Amount transferred to general reserve		50,000,000	50,000,000
Amount transferred to statutory reserve u/s. 45-IC of RBI Act, 1934		912,554	-
Dividend on convertible cumulative preference shares		-	5,045,902
Proposed dividend on equity shares		23,100,000	20,300,000
Dividend tax thereon		3,925,845	4,307,536
Surplus carried to Balance Sheet		640,966,203	335,013,192
		718,904,602	414,666,630
Basic earnings per share		66.59	48.76
Diluted earnings per share		40.23	37.47
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 : July 25, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Niki Shingade
Company Secretary

Place : Mumbai
Date : July 25, 2009

Anshu
Director

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009**

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	599,118,092	408,251,423
Adjustments for		
Depreciation	17,180,468	7,982,354
Miscellaneous expenditure written off	32,820	4,683,041
Loss/(profit) on sale of fixed assets	1,172,637	426,648
Interest income on short term investments	(48,501,399)	(4,454,386)
Interest income - others	(15,568,214)	(8,377,047)
Interest expenses	136,889,487	7,274,796
Profit on sale of current investments (net)	(460,064,221)	(146,813,097)
Dividend income on short term investments	(4,333,292)	(25,778,131)
Deposits / bad debts written-off	9,473,544	1,753,425
Prior period expenses	(242,896)	-
Balances written back	(120,363)	(112,200)
Operating profit before working capital adjustments	235,036,663	244,836,826
Adjustments for		
Trade and other receivables	216,255,927	(144,290,987)
Trade payable and other trade liabilities	117,415,435	59,476,788
Cash generated from operations	568,708,025	160,022,627
Direct taxes paid	(235,701,020)	(94,405,333)
Net cash generated from operating activities	333,007,005	65,617,294
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work in progress)	(372,883,100)	(17,249,133)
Sale of fixed assets	2,601,000	115,902
Acquisition of subsidiary (net of cash acquired)	(13,412,430)	-
(Purchase) / sale of investments (net)	1,042,090,737	(1,405,133,703)
Advance for investments in bonds	(31,525,000)	(130,000,000)
Dividend income on short term investments	4,333,292	25,778,131
Interest income on short term investments	37,513,637	4,808,666
(Investment) / withdrawal from fixed deposits	21,700,000	(1,700,000)
Net cash generated from/ (used in) investing activities	690,418,136	(1,523,380,137)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity share capital	-	8,000,000
Issue of preference share capital	-	180,000,000
Issue of equity share warrants	-	67,500,000
Securities premium received	-	172,000,000
Share application money received / (refunded)	(1,000,000)	-
Proceeds / (repayment) of borrowings (net)	(806,019,333)	1,005,080,657
Interest received	15,568,214	8,377,047
Interest paid	(130,185,041)	(5,534,375)
Preliminary expenses incurred	-	(450,000)
Dividend paid	(25,345,902)	(17,500,000)
Dividend distribution tax paid	(4,307,536)	(2,974,125)
Net cash generated from/(used in) financing activities	(951,289,598)	1,414,499,204
Net increase/(decrease) in cash and cash equivalents (A+B+C)	72,135,543	(43,263,639)
Cash and cash equivalents at the beginning of the year	39,507,051	82,770,690
Cash and cash equivalents at the end of the year	111,642,594	39,507,051
Cash and cash equivalents comprise of:		
Cash on hand	1,614,738	1,992,651
Balances with banks in current accounts	109,600,194	36,982,603
Balances with banks in unpaid dividend accounts	427,662	531,797
	111,642,594	39,507,051

As per our report of even date attached

For Suresh Surana & Associates
Chartered AccountantsRamesh Gupta
Partner
Membership No. 102306Place : Mumbai
Date : July 25, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Niki Shingade
Company SecretaryAnshu
DirectorPlace : Mumbai
Date : July 25, 2009

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
15,000,000 Equity shares of Rs. 10 each	300,000,000	150,000,000
200,000 Redeemable cumulative preference shares of Rs. 100 each	20,000,000	20,000,000
800,000 Convertible cumulative preference shares of Rs. 225 each	180,000,000	180,000,000
	500,000,000	350,000,000
Issued, subscribed and paid up		
5,800,000 Equity shares of Rs. 10 each fully paid up	58,000,000	58,000,000
800,000 6% Convertible cumulative preference shares of Rs. 225 each fully paid up	180,000,000	180,000,000
	238,000,000	238,000,000

- The Company has allotted on 13/10/2007, 800,000 6% Convertible cumulative preference shares (CCPS) of Rs.225 each for cash to FirstRand (Ireland) Public Limited Company. Each CCPS is convertible into 1 (one) equity share of Rs. 10 each at a premium of Rs.215 per equity share within a period of 18 months from the date of allotment.
- The Company has allotted on 13/10/2007, 3,000,000 equity share warrants at Rs.225 each to the promoter group and others. An amount equivalent to 10% of the subscription amount has been received as application money. Each equity share warrant is convertible into 1 (one) equity share of Rs. 10 each at a premium of Rs.215 per equity share within a period of 18 months from the date of allotment. The balance amount is payable at the time of conversion of equity share warrants.

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - B		
RESERVES AND SURPLUS		
Statutory reserve		
As per last balance sheet	-	-
Transferred from profit and loss account	912,554	-
	912,554	-
General reserve		
As per last balance sheet	202,088,960	150,370,810
Transferred from profit and loss account	50,000,000	50,000,000
Adjustments in accordance with transitional provision in Accounting Standard - 15 'Employee Benefits' (Revised 2005) for earlier years upto 31/03/2007 (net of deferred tax Rs.435,853)	-	1,718,150
	252,088,960	202,088,960
Securities premium		
As per last balance sheet	172,000,000	-
Add: Received during the year	-	172,000,000
	172,000,000	172,000,000
Profit and loss account		
	640,966,203	335,013,192
	1,065,967,717	709,102,152



SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

SCHEDULE - C

SECURED LOANS

Bank overdraft*

Term loan from a bank*

(Repayable within one year Rs. 31,428,564; previous year Rs. Nil)

Vehicle loans from a bank*

(Repayable within one year Rs. 2,792,105; previous year Rs. 4,815,977)

* Refer Note B-2 of Schedule 'P'

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Bank overdraft*	–	1,009,241,260
Term loan from a bank* (Repayable within one year Rs. 31,428,564; previous year Rs. Nil)	205,322,204	–
Vehicle loans from a bank* (Repayable within one year Rs. 2,792,105; previous year Rs. 4,815,977)	4,743,132	5,843,409
	210,065,336	1,015,084,669

SCHEDULE - D

FIXED ASSETS

(Amount in Rupees)

ASSET DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01/04/2008	Additions during the year	Sales / adjustments	As at 31/03/2009	Up to 31/03/2008	For the year	Sales / adjustments	Up to 31/03/2009	As at 31/03/2009	As at 31/03/2008
Leasehold improvements	8,237,058	6,734,245	–	14,971,303	4,416,240	7,061,100	–	11,477,340	3,493,963	3,820,818
Office buildings (Refer note 1 below)	11,016,284	354,614,122	–	365,630,406	1,900,096	4,608,194	–	6,508,290	359,122,116	9,116,188
Machinery	369,060	–	–	369,060	226,409	17,530	–	243,939	125,121	142,651
Computer	11,045,283	859,603	–	11,904,886	7,107,083	1,880,834	–	8,987,917	2,916,969	3,938,200
Office equipment	9,912,419	792,496	–	10,704,915	1,323,411	500,208	–	1,823,619	8,881,296	8,589,008
Furniture and fixtures	9,414,328	8,089,455	–	17,503,783	1,006,132	947,327	–	1,953,459	15,550,324	8,408,196
Vehicles (Refer note 2 below)	19,269,006	8,107,102	4,602,370	22,773,738	3,846,175	1,923,137	828,733	4,940,579	17,833,159	15,422,831
Software	–	4,847,189	–	4,847,189	–	242,138	–	242,138	4,605,051	–
	69,263,438	384,044,212	4,602,370	448,705,280	19,825,546	17,180,468	828,733	36,177,281	412,527,999	49,437,892
Previous year	64,137,851	6,088,021	962,434	69,263,438	12,263,076	7,982,354	419,884	19,825,546	49,437,892	
Capital work in progress									–	11,161,112

Notes:

1. Office buildings gross block includes premises on leasehold land Rs. 343,500,152 (as at 31/03/2008 Rs. Nil)

2. Hypothecated against loan taken (gross block Rs. 12,045,198, as at 31/03/2008 Rs. 15,129,959 and accumulated depreciation Rs. 1,709,267, as at 31/03/2008 Rs. 2,330,836)

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

SCHEDULE - E INVESTMENTS	Face Value Rs.	As at 31/03/2009		As at 31/03/2008	
		Numbers	Rs.	Numbers	Rs.
Non trade, Quoted (fully paid up) - Current Equity shares					
Shamken Spinners Limited	10	8,500	9,180	9,000	22,770
Bonds*					
9.10% Punjab & Sindh Bank	1,000,000	-	-	**442	442,123,730
9.15% Andhra Bank	1,000,000	-	-	100	98,250,000
9.20% Bank of Maharashtra	1,000,000	-	-	**50	49,162,500
9.20% PNB Housing 2019	1,000,000	-	-	**117	117,058,500
9.20% PNB Housing 2020	1,000,000	-	-	5	5,005,000
9.20% PNB Housing 2021	1,000,000	-	-	90	90,090,000
9.35% UCO Bank	1,000,000	-	-	39	39,015,600
9.30% State Bank of Patiala	1,000,000	-	-	1	1,000,000
9.78% State Bank of Bikaner and Jaipur	1,000,000	-	-	**156	159,608,000
9.30% WBIDFC	1,000,000	-	-	**2	2,016,000
9.35% Punjab National Bank	1,000,000	-	-	**1	996,000
9.95% Dewan Housing Finance Limited	1,000,000	-	-	**5	50,000,000
9.95% State Bank of Hyderabad	1,000,000	100	103,540,000	**500	500,000,000
13.50% Maharashtra Jivan Pradhikaran	50,000	-	-	2	100,000
10% Indusind Bank	1,000,000	3	3,000,789	-	-
10.50% Indusind Bank	1,000,000	219	219,000,000	-	-
11% Andhra Bank	1,000,000	1	1,001,940	-	-
12.60% STFCL	100,000	180	18,003,600	-	-
8.03% GOI FCI Special - 2024	1,000,000	30	30,073,950	-	-
8.75% Oriental Bank of Commerce - 2024	1,000,000	2	2,000,000	-	-
9.20% Allahabad Bank	1,000,000	10	10,000,000	-	-
9.34% State Bank of Travancore	1,000,000	155	156,438,500	-	-
9.50% TFCL - 2019	1,000,000	95	95,000,000	-	-
9.75% Punjab National Bank	1,000,000	100	100,924,410	-	-
			738,992,369		1,554,448,100
Non trade, unquoted (fully paid up) - Current Mutual Funds					
LIC Income Plus Fund - Daily Dividend Plan	10	10,900,000	109,000,000	-	-
LICMF Liquid Plus Fund	10	2,296,439	22,964,394	1,245,819	12,458,191
LICMF Liquid Fund	10	4,509,432	49,514,015	-	-
			181,478,409		12,458,191
Trade, unquoted - others - long term					
Equity shares of Intelligroup Advisors Pvt. Ltd.	10	4,600	46,000	4,600	46,000
Equity shares of A. K. Capital Retail Private Limited	10	1,000	10,000	1,000	10,000
Equity shares of A. K. Commodities Private Limited	10	3,000	30,000	3,000	30,000
Equity shares of A. M. Care Limited	10	100	1,000	100	1,000
Equity shares of A. K. Wealth Management Pvt. Ltd.	10	8,000	80,000	8,000	80,000
Equity shares of Sunrise Corporate Services Limited	10	100,000	1,000,000	100,000	1,000,000
			1,167,000		1,167,000
Non trade, unquoted - others - long term					
Units of Urban Infrastructure Opportunities Fund	100,000	500	70,500,000	-	-
			70,500,000		-
Others					
Gold coins and ornaments			-		5,409,198
			992,137,778		1,573,482,489
Aggregate value of quoted investments					
Equity			9,180		22,770
Bonds			738,983,189		1,554,425,330
Aggregate value of unquoted investments					
			253,145,409		13,625,191
Market value of quoted investments					
Equity			9,180		22,770
Bonds*			738,983,189		1,554,425,330

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

** Refer Note B-2 of Schedule - "P"

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009**

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	219,960	7,290,810
Other debts	40,224,511	196,276,590
	40,444,471	203,567,400
SCHEDULE - G		
CASH AND BANK BALANCES		
Cash on hand	1,614,738	1,992,651
Balances with scheduled banks:		
– in current accounts	109,600,194	36,982,603
– in unpaid dividend accounts	427,662	531,797
– in fixed deposit accounts	–	21,700,000
	111,642,594	61,207,051
SCHEDULE - H		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind for value to be received	10,622,901	6,119,972
Deposits	110,894,122	147,573,322
Bond application money**	161,525,000	130,000,000
Advance tax and tax deducted at source (including fringe benefit tax paid Rs. 15,168,018; previous year Rs. 12,773,672)	369,583,008	164,375,553
	652,625,031	448,068,847

** Refer note B-2 of Schedule "P"

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
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	122,553,533	29,592,807
Advance received from clients	28,627,103	-
Other liabilities	23,341,687	34,751,076
Deposits	6,435,990	-
Interest accrued but not due on loan	8,444,867	1,740,421
Investor Education and Protection Fund (shall be credited by following amount as and when due):		
Unpaid dividend*	425,443	531,770
	189,828,623	66,616,074
* There are no dues which needs to be credited in to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as of 31/03/2009.		
Provisions		
For income tax	374,628,867	206,531,247
For fringe benefit tax	14,856,450	10,137,389
For wealth tax	375,086	259,086
For retirement benefits	3,803,579	3,015,610
For dividend on convertible cumulative preference shares #	-	5,045,902
For proposed dividend #	23,100,000	20,300,000
For dividend tax	3,925,845	4,307,536
	420,689,827	249,596,770
	610,518,450	316,212,844

800,000 6% convertible cumulative preference shares outstanding as at 31/03/2009 has been converted into 800,000 equity shares on 13/04/2009, consequently, the total number of equity shares (of Rs. 10 each) of the Company has increased from 5,800,000 to 6,600,000. Provision for proposed dividend is considering the increased number of equity shares. Accordingly no provision is made for dividend on convertible cumulative preference shares.

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - J		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary expenses:		
Opening balance	-	1,123,913
Add- Incurred during the year	-	450,000
Add- on acquisition	32,820	-
Less- Written off during the year	32,820	1,573,913
	-	-
Pre operative expenses:		
Opening balance	-	3,109,128
Less - Written off during the year	-	3,109,128
	-	-
	-	-
	-	-



SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Current Year Rs.	Previous Year Rs.
SCHEDULE - K		
INVESTMENT INCOME		
Profit on sale of current investments (net)	460,064,221	146,813,097
Interest income on short term investments (tax deducted at source Rs.4,524,478; previous year Rs.334,815)	48,501,399	4,454,386
Dividend income on short term investments	4,333,292	25,778,131
	512,898,912	177,045,614
SCHEDULE - L		
OTHER INCOME		
Interest income (tax deducted at source Rs.3,472,715 ; previous year Rs. 1,829,727)	15,568,214	8,377,047
Rent income	11,348,798	-
Other income	285,695	168,744
	27,202,707	8,545,791
SCHEDULE - M		
PERSONNEL COST		
Salaries, bonus and allowances	104,437,312	66,790,313
Contribution to provident and other funds	44,790	43,860
Staff welfare expenses	5,227,138	5,131,503
	109,709,240	71,965,676
SCHEDULE - N		
ADMINISTRATIVE AND OTHER EXPENSES		
Travelling and conveyance expenses	15,088,341	12,382,635
Rent expenses	73,733,618	51,892,139
Rates and taxes	2,520,770	3,471,144
Electricity expenses	3,847,969	3,384,844
Auditor's remuneration	243,515	227,746
Communication charges	4,853,302	3,592,772
Books and subscription expenses	987,072	838,446
Printing and stationery expenses	7,804,381	4,543,882
Conference and AGM expenses	269,323	1,587,324
Legal and professional expenses	72,133,137	15,787,058
Bank charges and processing fees	5,964,037	268,600
Securities transaction tax	2,445	2,219,508
Repairs and maintenance		
– building	4,816,273	2,129,880
– others	4,009,636	4,060,446
Loss on sale of fixed assets (net)	1,172,637	426,648
Service tax	1,733,872	30,085,026
Directors sitting fees	230,000	160,000
Deposits / bad debts written-off	9,473,544	1,753,425
Donation	220,250	10,700
Software expenses	1,520,214	1,074,974
Advertisement expenses	10,934,781	15,972,470
Business promotion expenses	24,094,349	29,779,793
Brokerage paid	5,619,300	695,230
Incentive expenses	7,659,838	10,980,697
Sub arranger fees	219,940,000	185,489,030
Insurance charges	81,833	48,589
Miscellaneous expenses	1,519,978	1,445,330
	480,474,415	384,308,336
SCHEDULE - O		
INTEREST EXPENSES		
On term loan	19,825,535	664,278
On others	117,063,952	6,610,518
	136,889,487	7,274,796

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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 Standard) Rule, 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 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:

- i) Long-term investments are valued at cost. Provision is made for diminution in the values where the decline is other than temporary.
- ii) Current investments are valued at lower of cost or market value determined on an individual investment basis.

6. Revenue recognition:

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

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



SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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:

i) Defined contribution plans

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

ii) Defined benefit plans

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

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

iii) Employee leave entitlement

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

9. Accounting for taxes on income:

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

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

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

10. Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased 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.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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	Indian Rupees	20/02/2006
A. K. Capital Corporation Private Limited	India	100.00	Indian Rupees	29/01/2007
Girdhar Vanijya Private Limited	India	70.83%	Indian Rupees	04/09/2008

2. i) **Bank overdraft:**

As on 31/03/2009, no securities were pledged with a bank for the bank overdraft facility. As at 31/03/2008, following debt securities were pledged with a bank for the bank overdraft facility:

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

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

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

- ii) Term loan has been 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.
- iii) Vehicle loans are secured by hypothecation of vehicles purchased against the said loan.

3. 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 31/03/2009 Rs.	As at 31/03/2008 Rs.
Not later than one year;	45,173,700	3,041,000

The amount of lease payments with respect to the above lease recognised in the profit and loss account for the year is Rs. 15,057,900 (previous year Rs. 6,082,000)

B. Where the Company is lessor:

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

Particulars	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Gross block	343,500,152	—
Accumulated depreciation	4,310,503	—
Depreciation recognized in the profit and loss account for the year	4,310,503	—
Accumulated impairment loss upto year end	—	—
Impairment losses for the year / Impairment losses reversed for the year	—	—



SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

The future minimum lease payments receivable are as follows:

Particulars	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Not later than one year	7,401,390	–

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

4) **Related party disclosure:**

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

Enterprise controlled by or having significant influence of Key Management Personnel	A. K. Capital Markets Limited A. K. Services Private Limited Second Leasing Private Limited
Key Management Personnel	Mr. A. K. Mittal Mr. Deepak Mittal
Relative of Key Management Personnel	Mrs. Anshu Mr. Abhinav Kumar Mittal

Notes:

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

ii) **Transactions with related parties:**

Particulars	Current Year Rs.	Previous Year Rs.
Inter corporate deposits given and received back		
A. K. Services Private Limited	1,260,194,460	7,545,765,460
Interest received		
A. K. Services Private Limited	13,219,825	5,691,150
Remuneration paid		
A. K. Mittal	12,450,000	7,860,000
Deepak Mittal	9,237,880	3,195,444
Deposits given for rent		
Anshu	–	1,000,000
Abhinav Kumar Mittal	–	975,000
Brokerage received		
A. K. Capital Markets Limited	–	112,000
Purchase of securities		
A. K. Services Private Limited	–	9,168,563,675
Second Leasing Private Limited	–	95,173,700
Sale of securities		
A. K. Services Private Limited	–	3,026,635,861
Second Leasing Private Limited	–	36,029,309
Rent paid		
A. K. Mittal	3,469,950	3,454,500
Anshu	3,469,950	2,692,700
Abhinav Kumar Mittal	5,551,377	5,339,070
Sale of investment		
A. K. Services Private Limited	–	350,000
Subscription to equity share warrants		
A. K. Mittal	–	22,950,000
Anshu	–	28,125,000
Abhinav Kumar Mittal	–	10,800,000

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

Particulars	Current Year Rs.	Previous Year Rs.
Rent deposit given outstanding as at year end		
A. K. Mittal	11,450,000	11,450,000
Anshu	7,450,000	7,450,000
Abhinav Kumar Mittal	11,962,000	11,962,000
Balances receivable as at year end		
A. K. Services Private Limited	–	350,000

5) **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 Rs.	Previous Year Rs.
a) Change in present value of obligation		
Present value of obligation as at beginning of the year	2,812,569	1,531,343
Interest cost	225,006	122,507
Service cost	633,246	606,819
Benefits paid	–	–
Actuarial (gain)/loss on obligation	(372,386)	551,900
Present value of obligation as at year end	3,298,435	2,812,569
b) Amount recognized in the Balance Sheet		
Present value of obligation, as at year end	3,298,435	2,812,569
Fair value of plan assets as at year end	–	–
Net liabilities recognized in the Balance Sheet	3,298,435	2,812,569
c) Expense recognized during the year		
Current service cost	633,246	606,819
Interest cost	225,006	122,507
Expected return on plan assets	–	–
Net Actuarial (gain)/loss to be recognized	(372,386)	551,900
Net periodic cost	485,866	1,281,226
d) Assumptions used in accounting for the gratuity plan	% (p.a.)	% (p.a.)
Mortality rate	LIC	LIC
	(1994-96)	(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.

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

Particulars	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Deferred tax liability on account of		
Depreciation	11,974,467	2,770,621
Less: Deferred tax assets		
Gratuity	1,201,759	955,992
Disallowance u/s 40 a (ia)	–	–
Preliminary expenses	585,271	789,503
Deferred tax liability (net)	10,187,437	1,025,126



SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

7) Segment information:

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

8) Earnings per share (EPS):

	Particulars	Current Year	Previous Year
(i)	Net profit after tax (Rs.)	386,204,281	267,902,451
(ii)	Less: Preference share dividend (including dividend tax) (Rs.)	-	5,903,453
(iii)	Net profit after tax available for equity shareholder (Rs.)	386,204,281	261,998,998
(iv)	Weighted average number of equity shares outstanding at the year end (No.)	5,800,000	5,373,770
(v)	Basic earnings per share (Rs.)	66.59	48.76
(vi)	Weighted average number of equity shares to be issued against convertible cumulative preference shares and convertible equity share warrants (No.)	3,800,000	1,775,409
(vii)	Weighted average number of diluted equity shares (No.)	9,600,000	7,149,179
(viii)	Diluted earnings per share (Rs.)	40.23	37.47
(ix)	Nominal value of share (Rs.)	10	10

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

10) (a) Directors remuneration:

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

Particulars	Current Year Rs.	Previous Year Rs.
Salaries, bonus and allowances	21,687,880	11,055,444
Perquisites	1,860,000	1,560,000
	23,547,880	12,615,444

Notes:

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

11) 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.

12) 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.

13) Previous year's 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 : July 25, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Niki Shingade
Company Secretary

Anshu
Director

Place : Mumbai
Date : July 25, 2009

DIRECTORS' REPORT

To
The Members
A. K. Stockmart Private Limited

Your Directors have pleasure in presenting the 4th Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

Financial performance of the Company for the financial year ended March 31, 2009 is summarized below:

Particulars	Current Year Rs.	Previous Year Rs.
Income	17,345,898	20,091,069
Profit before depreciation and interest	43,77,982	2,406,110
Profit before tax	3,821,301	2,169,820
Provision for tax	1,371,243	1,529,391
Profit after tax	2,450,058	640,429
Balance brought forward from last year	746,193	105,764
Surplus carried to balance sheet	3,019,601	746,193

DIVIDEND

The Directors did not recommend any dividend for the financial year ended March 31, 2009.

DIRECTORS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1. The Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanation relating to material departures, if any;
2. 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, 2009 and of the profit of the Company for the financial year ended March 31, 2009;
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.

DEPOSITS

Your Company has not accepted any deposits from the public during the year under review.

AUDITORS AND AUDITORS REPORT

M/s Kamal Kumar Jain & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The retiring auditors have, under Section 224(1B) of the Companies Act, 1956, furnished certificate of their eligibility for the re-appointment.

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

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

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

The Company has no foreign exchange earnings and outgo during the financial year ended March 31, 2009.

PERSONNEL

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Anshu
Director

Place: Mumbai
Date: June 20, 2009

AUDITORS' REPORT

To
The Shareholders,
A. K. Stockmart Private Limited

We have audited the attached Balance Sheet of the above company, as at 31 March 2009 and Profit and Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

1. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of audit.
2. In our opinion, proper books of accounts as required by law, have been kept by the company, so far as it appears from our examination of such books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
5. On the basis of written representation received from Directors of the company as at 31 March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2009 from being appointed as Director of the Company under Section 274(1)(g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to explanations given to us, the said account read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the company as at 31 March 2009.
 - ii) In the case of Profit and Loss Account, of profit of the company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor
Membership No. 87379

Place: New Delhi
Date: June 20, 2009

ANNEXURE TO THE AUDITORS' REPORT

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

1. In respect of its fixed assets:
 - a) In our opinion, the company has maintained proper records to show full particulars including quantitative details and situations of the fixed assets;
 - b) According to the information and explanations given to us by the management, the fixed assets have been physically verified during the year at reasonable intervals having regard to the nature and size of business and no material discrepancies were noticed on such verification.
 - c) In our opinion and according to information and explanations given to us by the management no substantial part of the fixed assets of the company have been disposed off during the year so as to affect the going concern status of the company.
2.
 - a) Physical verifications has been conducted by the management at reasonable intervals in respect of stock.
 - b) The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to size of the company and nature of its business.
 - c) No material discrepancy has been noticed on physical verification of stocks.
3. In our opinion and according to the information and explanations given to us, the company has not received/granted any loan secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of fixed assets and sale of services. We have not observed any failure to correct major weaknesses in such internal controls.
5. In our opinion and according to the information and explanations given to us, the company has not entered contracts or arrangements that need to be entered into register in pursuance of Section 301 of the Companies Act, 1956.
6. The Companies has not accepted any deposit from public and consequently the provision of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable.
7. In our opinion and according to the information and explanations given to us, the Companies present internal audit system is adequate so as to commensurate with its nature and size.
8. In our opinion and according to the information and explanations given to us, maintenance of cost records in terms of Section 209(1)(d) of the Companies Act, 1956, has not been prescribed by the Central Government, in respect of the transactions of the company.
9.
 - (a) In our opinion and according to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Income Tax with the appropriate authorities. No undisputed amount in respect of above statutory dues remained outstanding for six month or more at the end of the year.
 - (b) In our opinion and according to the information and explanation given to us, no disputed amounts were pending with the company at the end of the year in respect of statutory dues.
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 the information and explanations given to us, the company has not defaulted in repayment of dues to bank during the year under review.
12. In our opinion and according to the information and explanations given to us, the company has not granted any loan on the basis of any security.
13. Not applicable, as the company is not a Nidhi / Mutual Benefit Fund / Society.
14. In our opinion and according to information and explanations given to us, the company has maintained proper records in respect of transactions relating to dealing in shares, securities, debentures and other investments. As per our examination of such records, we report that timely entries had been made in such records and that shares, securities, debentures and other investments have been held by the company in its own name.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loan taken by other from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the company has not taken term loan from any banks or financial institutions during the year review.
17. In our opinion and according to the information and explanations given to us, the company has not raised short-term funds and no funds raised on short-term basis have been used for long-term investment and vice versa.

18. In our opinion and according to the information and explanations given to us, the company has not issued any fresh capital nor made any preferential allotment to any party or companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year under review.
19. Not applicable, as no debentures have been issued by the company.
20. Not applicable, as no funds have been raised by the company during the year under review from public issue.
21. During the course of our examination of books of account and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor
Membership No. 87379

Place: New Delhi
Date: June 20, 2009

BALANCE SHEET AS AT 31 MARCH 2009

	Schedule	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SOURCES OF FUNDS			
Shareholder's funds			
Share capital	A	70,000,000	70,000,000
Reserve and surplus	B	3,019,601	746,193
Deferred tax liability		125,634	–
TOTAL FUNDS EMPLOYED		73,145,235	70,746,193
APPLICATION OF FUNDS			
Fixed assets			
Gross block	C	5,312,799	2,130,570
Less: Depreciation		792,971	236,290
Net block		4,519,828	1,894,280
Investments	D	27,509,955	12,458,191
Deferred tax assets		–	402,609
Current assets, loans and advances			
Sundry debtors	E	10,960,591	8,789,698
Cash and bank balance	F	6,676,944	17,081,544
Loans and advances	G	45,461,131	52,564,866
		63,098,666	78,436,108
Less: Current Liabilities and Provisions			
Current liabilities	H	18,970,439	20,421,135
Provisions		3,012,775	2,023,860
		21,983,214	22,444,995
Net current assets		41,115,452	55,991,113
Miscellaneous expenses (To the extent not written off or adjusted)	I	–	–
TOTAL FUNDS UTILISED		73,145,235	70,746,193
Statement of significant accounting policies and Notes forming an integral part of accounts	L		

As per report of even date attached

For Kamal Kumar Jain & Co.
Chartered AccountantsK. K. Jain
Proprietor
Membership No. 87379Place : New Delhi
Date : June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing DirectorJinal Shah
Company SecretaryPlace : Mumbai
Date : June 20, 2009Anshu
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Schedule	Current Year Rs.	Previous Year Rs.
INCOME			
Brokerage and fees		3,974,897	18,978,082
Investment income		11,653,131	191,792
Interest income		1,610,638	896,409
Other income		107,232	24,786
TOTAL INCOME		17,345,898	20,091,069
EXPENDITURE			
Personnal cost	J	8,407,774	9,005,117
Selling, administrative and other expenses	K	4,560,142	4,400,241
Depreciation		556,681	236,290
Miscellaneous expenses written off		–	4,279,601
TOTAL EXPENDITURE		13,524,597	17,921,249
Profit before tax		3,821,301	2,169,820
Less : Provision for taxation			
Income tax		752,000	1,800,000
Fringe benefit tax		91,000	132,000
Deferred tax		528,243	(402,609)
		1,371,243	1,529,391
Profit after tax		2,450,058	640,429
Prior year expense - gratuity		(177,010)	–
Prior year tax adjustments		360	–
Profit after tax and prior period items		2,273,408	640,429
Add : Balance brought forward from last year		746,193	105,764
Surplus carried to balance sheet		3,019,601	746,193
Statement of significant accounting policies and Notes forming an integral part of accounts	L		

As per report of even date attached

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor
Membership No. 87379

Place : New Delhi
Date : June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Jinal Shah
Company Secretary

Place : Mumbai
Date : June 20, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extra ordinary items	3,821,301	2,169,820
Adjustment for depreciation	556,681	236,290
Miscellaneous expenses written off	–	4,279,601
Interest received	(1,610,638)	(896,409)
Dividend received	(107,232)	(24,786)
Profit/(Loss) on sales of investments	(11,653,131)	(191,792)
Operating profit/(loss) before working capital changes	(8,993,019)	5,572,724
Adjustment for current assets		
Receivables	(2,170,893)	(8,762,552)
Current liabilities	(1,390,516)	20,241,008
Cash flow from operating activities	(12,554,428)	17,051,180
Direct taxes paid	(2,044,583)	(372,019)
Net cash from operating activities	(14,599,011)	16,679,161
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(3,182,229)	(1,593,770)
Acquisition of investment	(15,051,764)	4,541,809
Loans and advances given	9,057,403	(23,256,085)
Net cash used in investment activities	(9,176,590)	(20,308,046)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest received	1,610,638	896,409
Dividend received	107,232	24,786
Profit/(Loss) on sale of investments	11,653,131	191,792
Proceeds from issue to share capital	–	20,000,000
Deferred expenditure	–	(450,000)
Net cash used in financial activities	13,371,001	20,662,987
Net Increase/decrease in cash and cash equivalents	(10,404,600)	17,034,102
Cash and cash equivalents at the beginning of the year	17,081,544	47,442
Cash and cash equivalents at the close of the year	6,676,944	17,081,544

As per report of even date attached

For Kamal Kumar Jain & Co.
Chartered AccountantsK. K. Jain
Proprietor
Membership No. 87379Place : New Delhi
Date : June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing DirectorAnshu
DirectorJinal Shah
Company SecretaryPlace : Mumbai
Date : June 20, 2009

SCHEDULES TO THE BALANCE SHEET AS AT 31 MARCH 2009

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
10,000,000 (Previous year - 10,000,000) Equity Shares of Rs. 10 each	100,000,000	100,000,000
	100,000,000	100,000,000
Issued, Subscribed and Paid up		
7,000,000* (Previous year - 7,000,000) Equity Shares of Rs. 10 each fully paid up	70,000,000	70,000,000
	70,000,000	70,000,000
* Out of the above 7,000,000 (100.00%) equity shares are held by the holding company (A. K. Capital Services Limited)		
SCHEDULE - B		
RESERVE AND SURPLUS		
Surplus as per Profit and Loss Account	3,019,601	746,193
	3,019,601	746,193

SCHEDULE - C

FIXED ASSETS

(Amount in Rupees)

Sr. No.	Asset Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01/04/2008	Additions	Sales	As at 31/03/2009	As at 01/04/2008	For the Period	Sales	As at 31/03/2009	As at 31/03/2009	As at 31/03/2008
1.	Computer	1,730,406	349,409	-	2,079,815	201,367	297,475	-	498,842	1,580,973	1,529,039
2.	Computer Softwares	-	2,453,340	-	2,453,340	-	175,642	-	175,642	2,277,698	-
3.	Printer	31,700	-	-	31,700	3,180	4,623	-	7,803	23,897	28,520
4.	Fax Machine	6,750	-	-	6,750	353	452	-	805	5,945	6,397
5.	UPS System	209,000	200,000	-	409,000	25,247	51,143	-	76,390	332,610	183,753
6.	Telephone Instrument	66,000	64,480	-	130,480	4,474	8,546	-	13,020	117,460	61,526
7.	Furniture and Fixtures	86,714	-	-	86,714	1,669	5,383	-	7,052	79,662	85,045
8.	Firewall	-	115,000	-	115,000	-	13,417	-	13,417	101,583	-
		2,130,570	3,182,229	-	5,312,799	236,290	556,681	-	792,971	4,519,828	1,894,280
	PREVIOUS YEAR	536,800	1,593,770	-	2,130,570	-	236,290	-	236,290	1,894,280	-

	Face Value Rs.	As at 31/03/2009		As at 31/03/2008	
		Numbers	Rs.	Numbers	Rs.
SCHEDULE - D					
INVESTMENTS					
Non trade, unquoted (fully paid up) - Current					
LICMF Liquid Plus Fund	10.00	-	-	1,245,819	12,458,191
LICMF Liquid Fund	10.00	2,505,438	27,509,955	-	-
		2,505,438	27,509,955		
		2,505,438	27,509,955	12,458,191	12,458,191

SCHEDULES TO THE BALANCE SHEET AS AT 31 MARCH 2009

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - E		
SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for over six months	219,960	–
Others, considered good	10,740,631	8,789,698
	10,960,591	8,789,698
SCHEDULE - F		
CASH AND BANK BALANCE		
Cash on hand	4,076	12,292
Cash at Bank - In current accounts	6,672,868	17,069,252
	6,676,944	17,081,544
SCHEDULE - G		
LOANS AND ADVANCES (Unsecured, considered good)		
Prepaid expenses	252,993	767,827
Security deposits	42,806,000	51,306,000
Loans and advances	24,700	74,000
Service tax receivable (FY 2008-09)	14,208	7,477
Advance income tax / TDS (FY 2006-07)	–	66,860
Advance income tax / TDS (FY 2007-08)	1,803,479	187,379
Advance income tax / TDS (FY 2008-09)	337,073	–
Fringe benefit tax (FY 2006-07)	–	24,055
Fringe benefit tax (FY 2007-08)	131,268	131,268
Fringe benefit tax (FY 2008-09)	91,410	–
	45,461,131	52,564,866
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry creditors		
Total outstanding dues of micro and small enterprises (Refer to Schedule 'L')	–	–
Total outstanding dues of creditors for finance other than micro, and small enterprises	17,426,066	19,822,019
Total outstanding dues of creditors for expenses other than micro, and small enterprises	1,496,008	443,616
Other liabilities	48,365	155,500
	18,970,439	20,421,135
Provisions		
Income tax (FY 2006-07)	585	66,860
Income tax (FY 2007-08)	1,800,000	1,800,000
Income tax (FY 2008-09)	752,000	–
Fringe benefit tax (FY 2006-07)	–	25,000
Fringe benefit tax (FY 2007-08)	132,000	132,000
Fringe benefit tax (FY 2008-09)	91,000	–
Gratuity (FY 2008-09)	237,190	–
	3,012,775	2,023,860
	21,983,214	22,444,995
SCHEDULE - I		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary expenses	–	1,170,473
Pre operative expenses	–	3,109,128
	–	4,279,601
Less : Written off during the year	–	4,279,601
	–	–

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Current Year Rs.	Previous Year Rs.
SCHEDULE - J		
PERSONNEL COST		
Salary, HRA, conveyance and bonus	8,407,774	9,005,117
	8,407,774	9,005,117
SCHEDULE - K		
SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Annual subscription charges	111,690	107,000
Audit fees	5,000	5,000
Bank charges	3,734	9,053
Books and periodical expenses	3,464	4,025
Business promotion expenses	740,626	1,040,024
CDSL expenses	36,000	-
Debtors written off	512,188	-
Demat charges	76,812	63,197
Filing fees	8,224	9,528
General expenses	125,335	95,563
Insurance expenses	81,833	48,589
Lease line charges	352,774	120,834
Postage and telegram expenses	56,832	38,064
Printing and stationery expenses	113,292	154,152
Processing fees	112,202	22,000
Professional fees	200,031	230,700
Rent, rates and taxes	4,284	3,749
Repairs and maintenance charges	438,438	251,310
SEBI fees	51,321	55,445
Securities transaction tax	-	187,939
Software expenses	846,099	850,790
Stamp duty charges	86,227	319,490
Telephone expenses	204,217	221,293
Training and development expenses	3,000	6,529
Transaction charges	-	4,838
Travelling and conveyance expenses	255,642	419,169
VSAT charges	130,877	131,960
	4,560,142	4,400,241

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

SCHEDULE - L

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. **Basis of preparation of financial statements:** The Financial Statements have been prepared on the basis of historical cost convention on accrual basis, in accordance with the applicable accounting standards and on the basis of going concern. The financial statements have been prepared in compliance with all material aspects of the Accounting Standards presented in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government, to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956.

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

The financial statements have been prepared under the historical cost convention, in accordance with the applicable accounting standards and on the basis of a going concern.
2. **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
3. **Fixed Assets:** Fixed Assets are stated at cost less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.
4. **Depreciation:** Depreciation on fixed assets has been provided on straight-line method on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.
5. **Investments:** Current Investments are carried at lower of cost or fair value. In case of Investment in mutual fund units, the net assets value of units declared by the mutual fund is considered as fair value.
6. **Revenue recognition:** Revenue from brokerage, fees and commission is recognised when the contract has been completed. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Investment income is recognised on the date of sale of securities.
7. **Retirement benefits:**
 - i) **Defined contribution plans**
The Company contributes on a defined contribution basis to Employees' Provident Fund, towards post employment benefits, which is administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.
 - ii) **Defined benefit plans**
The Company has a defined benefit plan namely gratuity for all its employees. The liability for the defined benefit plan of gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses are recognized immediately in the profit and loss account.
 - iii) **Employee leave entitlement**
The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided as at the year end and charged to the profit and loss account.
8. **Taxes on Income:** The Income tax and fringe benefit tax has been calculated in accordance with the provisions of the Income Tax Act, 1961, and the guidance note on accounting for fringe benefit tax issued by the Institute of Chartered Accountants of India. Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates, as applicable, to the extent that the timing differences as expected to crystallize.
9. **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.
10. **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.
11. **Miscellaneous Expenditure:** Expenses included under the head miscellaneous expenditure and pre operative expenses are being fully written off in the year of commencement of operation.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

B. NOTES TO ACCOUNTS :

1. **Auditors Remuneration** - Audit fees for the current year Rs. 5,000 and for the previous year is Rs. 5,000.
2. Earnings and Expenditure in foreign currency for the year ended 31.03.2009 is nil.
3. **Related Party Disclosure** : Holding Company - A. K. Capital Services Limited

Particulars	Transaction with related party	
	Current Year Rs.	Previous Year Rs.
Investments in share capital	-	20,000,000
Brokerage received	50	1,549,328
Investment in share capital as at year end	70,000,000	70,000,000

4. **Segment information:**

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

5. **Disclosure under (AS) - 15 (Revised 2005):**

The Company has followed Accounting Standard (AS) - 15 (Revised) "Employee Benefits". Accordingly, the Company has provided gratuity liability based on actuarial valuation done as per Projected Unit Credit Method.

- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- Gratuity liability is a defined benefit obligation and are provided for on the basis of an actuarial valuation made at the end of each financial year.

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

I) **Defined Contribution Plans:**

Defined contribution plan consists of Employers' Contribution to provident fund of Rs. Nil recognized as expense for the year.

II) **Defined Benefit Plan:**

Gratuity Fund

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

The following table sets out the unfunded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31 March 2009.

	Gratuity (Unfunded)
a) Change in present value of obligation	
Present value of obligation as at beginning of the year	177,010
Interest cost	14,161
Service cost	119,113
Benefits paid	--
Actuarial (gain)/loss on obligation	(73,094)
Present value of obligation as at year end	237,190
b) Amount recognized in the Balance Sheet	
Present value of obligation, as at year end	237,190
Fair value of plan assets as at year end	-
Net liabilities recognized in the Balance Sheet	237,190
c) Expense recognized during the year	
Current service cost	119,113
Interest cost	14161
Expected return on plan assets	-
Net Actuarial (gain)/loss to be recognized	(73,094)
Net periodic cost	60,180
d) Assumptions used in accounting for the gratuity plan	% (p.a.)
Mortality rate	LIC (1994-96)
Discount rate	8.00
Salary escalation rate	5.00
Expected rate of return on plan assets	--

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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.

6. As per Accounting Standard (AS)-22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax liability/(assets) (net) pertaining to timing difference arising for the period upto 31 March 2009 of Rs.125,634 (upto 31 March 2008 Rs. (402,609)) have been determined.

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

Particulars	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Deferred tax liability on account of:		
Depreciation	716,105	277,191
Less: Deferred tax assets:		
Gratuity	80,621	-
Preliminary expenses	509,850	679,800
Deferred tax (assets)/liability (net)	125,634	(402,609)

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

	Current Year	Previous Year
(i) Net profit after tax available for equity shareholder (Rs.)	2,273,408	640,429
(ii) Weighted average number of equity shares outstanding at the year end (No.)	7,000,000	7,000,000
(iii) Basic earnings per share (Rs.)	0.32	0.09
(iv) Nominal value of share (Rs.)	10	10

8. There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) - 28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India.
9. The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. As the Company has not received any intimation from its suppliers as on date regarding their status under the above said Act, no disclosure has been made.
10. 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.
11. 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.
12. Previous year's figures have been regrouped or rearranged, wherever considered necessary, to conform with the current year presentation.

Signatures to Schedules 'A' to 'L'

As per report of even date attached

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor
Membership No. 87379

Place : New Delhi
Date : June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Jinal Shah
Company Secretary

Place : Mumbai
Date : June 20, 2009

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

I. Registration Details

Registration No.	:	158932	State code	:	55
Balance sheet date	:	31/03/2009			

II. Capital raised during the year (Rs.)

Public issue	:	Nil	Right issue	:	Nil
Bonus issue	:	Nil	Private placement	:	Nil

III. Position of Mobilisation and Deployment of Funds (Rs.)

Total liabilities	:	73,145,235	Total assets	:	73,145,235
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Sources of Funds

Paid up capital	:	70,000,000	Reserves and surplus	:	3,019,601
Secured loans	:	Nil	Unsecured loans	:	Nil

Application of Funds

Net fixed assets	:	4,519,828	Investments	:	27,509,955
Net current assets	:	41,115,452	Miscellaneous expenditure	:	Nil
Accumulated losses	:	Nil			

IV. Performance of Company (Rs.)

Turnover	:	17,345,898	Expenditure	:	13,524,597
Profit/Loss before tax	:	3,821,301	Profit/Loss after tax	:	2,273,408
Basic earning per share	:	0.32	Dividend rate %	:	Nil

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

Item code no. (ITC Code)	:	Not applicable
Product description	:	Stock broking

As per report of even date attached

For Kamal Kumar Jain & Co.
Chartered Accountants

K. K. Jain
Proprietor
Membership No. 87379

Place : New Delhi
Date : June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Managing Director

Anshu
Director

Jinal Shah
Company Secretary

Place : Mumbai
Date : June 20, 2009

DIRECTORS' REPORT

To
Dear shareholders
A. K. Capital Corporation Private Limited

Your Directors are pleased to present the 3rd Annual Report together with the Audited Accounts for the financial year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

Particulars	Current Year Rs.	Previous Year Rs.
Income	1,804,864	1,757,712
Profit before tax	1,791,888	1,330,485
Provision for tax	474,282	415,297
Profit after tax	1,317,606	915,188
Surplus carried to balance sheet	2,256,549	938,943

DIVIDEND

The Directors did not recommend any dividend for the financial year ended March 31, 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. The Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanation relating to material departures, if any;
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profit of the Company for the financial year ended March 31, 2009;
3. They have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

AUDITORS AND AUDITORS REPORT

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

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

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

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

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

The Company has no foreign exchange earnings and outgo during the financial year ended March 31, 2009.

DEPOSITS

During the financial year ended March 31, 2009, the Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, and the rules thereunder.

PERSONNEL

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Anshu
Director

Place: Mumbai
Date : June 20, 2009

AUDITORS' REPORT

To
The Members
A. K. Capital Corporation Private Limited

We have audited the attached Balance Sheet of A. K. Capital Corporation Private Limited as at 31 March 2009 and also the annexed 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.

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

1. As required by the Companies (Auditor's Report) Order, 2003 and the companies (Auditor's Report) (Amendment Order, 2004), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - b. In our opinion, proper books of account as required by the Companies Act, 1956 have been kept by the Company so far as it appears from our examination of the books;
 - c. The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with accounting standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written confirmations received from the Directors and taken on record by the Board of Directors and according to the information and explanations given to us, none of the Directors of the Company are *prima facie* disqualified as at 31/03/2009 from being appointed as Directors of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as on 31/03/2009 and;
 - ii) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For Jangid & Associates
Chartered Accountants

Sajjan Agrawal
Partner
Membership No. 102586

Place: Mumbai
Date : June 20, 2009

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE

1. In respect of its fixed assets:

The company has not acquired any fixed assets till the date of Balance Sheet In view of this, clauses 4 (i) (a), 4 (i) (b) and 4 (i) (c) of the Order are not applicable to the company.
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 not granted any secured or unsecured loan to any company or party listed in the register maintained under section 301 of the Act. In view of this, clauses 4 (iii) (a), 4 (iii) (b) ,4 (iii) (c) and 4 (iii) (d) of the Order are not applicable to the company.
 - b) The company has not taken any secured or unsecured loan from any company or party listed in the register maintained under section 301 of the Act. In view of this, clauses 4 (iii) (e), 4 (iii) (f) and 4 (iii) (g) of the Order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory and fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
 - a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
 - b) In our opinion, having regard to our comments in para 3 above and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rs. 500,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits in terms of Section 58A and 58AA or any other relevant provisions of the Act, during the year.
7. The company has an internal audit system. In our opinion internal audit system 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 has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. There were no arrears in this respect as at 31 March 2009 for a period of more than six months from the date they became payable.
 - b) According to information and explanations given to us, there are no dues of sales tax, service tax, income tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
11. In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to information and explanations given to us, the company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the order is not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the company has maintained proper records in respect of transactions relating to dealing in shares, securities, debentures and other investments. As per our examination of such records, we report that timely entries had been made in such records and that shares, securities, debentures and other investments have been held by the company in its own name.
15. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

16. On the basis of information and explanations given to us, the company has not obtained any term loans during the year under review.
17. According to information and explanations given to us and on an overall examination of the cash flow statement of the company, we report that funds raised on short-term basis have not been used for long term investment.
18. The company has not made any preferential allotment of share during the year under review.
19. The company has not issued any debentures during the year.
20. The company has not raised any money through a public issue during the year.
21. During the course of our examination of books of account and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Jangid & Associates
Chartered Accountants

Sajjan Agrawal
Partner
Membership No. 102586

Place: Mumbai
Date : June 20, 2009

BALANCE SHEET AS AT 31 MARCH 2009

	<u>Schedule</u>	<u>As at 31/03/2009 Rs.</u>	<u>As at 31/03/2008 Rs.</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	21,000,000	21,000,000
Reserves and surplus	B	2,256,549	938,943
TOTAL FUNDS EMPLOYED		23,256,549	21,938,943
APPLICATION OF FUNDS			
Deferred tax assets		75,421	109,703
Investments	C	22,468,454	-
Current assets, loans and advances			
Cash and bank balances	D	1,025,172	22,005,836
Loans and advances	E	663,017	356,522
		1,688,189	22,362,358
Less : Current liabilities and provisions			
Current liabilities	F	975,515	533,118
Net current assets		712,674	21,829,240
Miscellaneous expenditure (To the extent not written off or adjusted)	G	-	-
TOTAL FUNDS UTILISED		23,256,549	21,938,943
Statement of significant accounting policies and Notes forming an integral part of accounts	J		

As per our report of even date attached

For Jangid & Associates
Chartered AccountantsSajjan Agarwal
Partner
Membership No. 102586Place: Mumbai
Date: June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
DirectorPlace: Mumbai
Date: June 20, 2009Anshu
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	<u>Schedule</u>	<u>Current Year Rs.</u>	<u>Previous Year Rs.</u>
INCOME			
Interest income		680,314	1,725,495
Brokerage income		750,000	–
Investment income	H	374,550	32,217
TOTAL INCOME		1,804,864	1,757,712
EXPENDITURE			
Selling, administrative and other expenses	I	12,976	23,787
Preliminary expenditure written off		–	403,440
TOTAL EXPENDITURE		12,976	427,227
Profit before tax		1,791,888	1,330,485
Less : Provision for taxation			
Income tax		440,000	525,000
Deferred tax		34,282	(109,703)
		474,282	415,297
Profit after tax		1,317,606	915,188
Add: Balance brought forward from last year		938,943	23,755
Surplus carried to balance sheet		2,256,549	938,943
Statement of significant accounting policies and Notes forming an integral part of accounts	J		

As per our report of even date attached

For Jangid & Associates
Chartered Accountants

Sajjan Agarwal
Partner
Membership No. 102586

Place: Mumbai
Date: June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Director

Place: Mumbai
Date: June 20, 2009

Anshu
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	1,791,888	1,330,485
Adjustment for		
Public Issue and preliminary expenses	–	403,440
Profit on liquid fund	–	(32,217)
Dividend received	(374,550)	–
Interest received	(680,314)	(1,725,495)
	737,024	(23,787)
Operating Profit/(Loss) before working capital changes		
Adjustment for current liabilities	2,397	2,506
	739,421	(21,281)
Cash flow from operating activities		
Direct taxes paid	(306,495)	(357,002)
	432,926	(378,283)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Investment in mutual fund	(22,468,454)	–
Dividend received	374,550	–
Profit on liquid fund	–	32,217
	(22,093,904)	32,217
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest received	680,314	1,725,495
	680,314	1,725,495
Net increase/decrease, in cash and cash equivalents	(20,980,664)	1,379,429
Cash and cash equivalents at the beginning of the year	22,005,836	20,626,407
Cash and cash equivalents at the close of the year	1,025,172	22,005,836

As per our report of even date attached

For Jangid & Associates
Chartered AccountantsSajjan Agarwal
Partner
Membership No. 102586Place: Mumbai
Date: June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
DirectorAnshu
DirectorPlace: Mumbai
Date: June 20, 2009

SCHEDULES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Numbers	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
5,000,000 (previous year - 5,000,000) Equity Shares of Rs. 10 each	50,000,000	50,000,000
	50,000,000	50,000,000
Issued, Subscribed and Paid Up		
2,100,000* (previous year - 2,100,000*) Equity Shares of Rs. 10 each fully paid up	21,000,000	21,000,000
	21,000,000	21,000,000
* Out of the above 2,100,000 (100.00%) equity shares are held by the holding company (A. K. Capital Services Limited)		
SCHEDULE - B		
RESERVES AND SURPLUS		
Surplus as per Profit and Loss Account	2,256,549	938,943
	2,256,549	938,943
SCHEDULE - C		
INVESTMENTS		
Investment in LIC Liquid Fund	2,003,994	22,004,060
Investment in LIC Liquid Plus Fund	46,439	464,394
	22,468,454	-
SCHEDULE - D		
CASH AND BANK BALANCES		
Cash in hand	6,280	7,880
Cash at bank - in current account	1,018,892	63,165
Accrued Interest on fixed deposit	-	234,791
Fixed deposit with HDFC bank	-	21,700,000
	1,025,172	22,005,836
SCHEDULE - E		
LOANS AND ADVANCES (Unsecured, considered good)		
Advance income tax / TDS (FY 2006-07)	1,070	1,070
Advance income tax / TDS (FY 2007-08)	521,802	355,452
Advance income tax / TDS (FY 2008-09)	140,145	-
	663,017	356,522
SCHEDULE - F		
CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors	10,515	8,118
	10,515	8,118
Provisions		
Income tax (FY 2007-08)	525,000	525,000
Income tax (FY 2008-09)	440,000	-
	965,000	525,000
	975,515	533,118
SCHEDULE - G		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary expenses	-	403,440
Less: Written off during the year	-	403,440
	-	-

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Current Year Rs.	Previous Year Rs.
SCHEDULE - H		
INVESTMENT INCOME		
Dividend received	374,550	–
Profit on liquid fund	–	32,217
	374,550	32,217
SCHEDULE - I		
SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Audit fees	8,015	8,118
Bank charges	561	–
Filing fees	1,500	5,000
Printing and stationery expenses	–	1,100
Professional fees	300	5,049
Sundry expenses	2,600	4,520
	12,976	23,787

SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

SCHEDULE - J

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. **Basis of preparation of financial statements:** The Financial Statements have been prepared on the basis of historical cost convention on accrual basis, in accordance with the applicable accounting standards and on the basis of going concern. The financial statements have been prepared in compliance with all material aspects of the Accounting Standards presented in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government, to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956.

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

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

2. **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
3. **Investments:** Current Investments are carried at lower of cost or fair value. In case of Investment in mutual fund units, the net assets value of units declared by the mutual fund is considered as fair value.
4. **Revenue recognition:** Revenue from Brokerage is recognised when the contract has been completed. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Investment Income is recognised on the date of sale of securities.
5. **Accounting for taxes on income**

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.

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

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

6. **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.
7. **Miscellaneous Expenditure:** Expenses included under the head Miscellaneous Expenditure and Pre Operative Expenses are being fully written off in the year of commencement of operation.

B. NOTES TO ACCOUNTS:

1. **Auditors Remuneration** - Audit fees for the current year is Rs. 5,515 (Audit Fees Rs. 5,000 and Service Tax Rs. 515) and for the previous year is Rs. 5,618 (Audit Fees Rs. 5,000 and Service Tax Rs. 618).
2. Expenditure and Earnings in foreign currency for the year ended 31/03/2009 is nil.

SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

3. **Deferred Tax Assets/(Liabilities)** -The Company has recognized deferred Tax assets in accordance with Accounting Standard -22 on Accounting for Taxes on income issued by the Institute of Chartered Accountants of India as there is reasonable certainty of availability of future taxable income following the principles of prudence:

Particulars	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
Deferred tax assets		
Preliminary expenses	75,421	109,703
Deferred tax assets	75,421	109,703

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

	Current Year	Previous Year
(i) Net profit after tax available for equity shareholder (Rs.)	1,317,606	915,188
(ii) Weighted average number of equity shares outstanding at the year end (No.)	2,100,000	2,100,000
(iii) Basic earnings per share (Rs.)	0.63	0.44
(iv) Nominal value of share (Rs.)	10	10

5. 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.
6. 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.
7. Previous year's figures have been regrouped or rearranged, wherever considered necessary, to conform with the current year presentation.

Signatures to Schedules 'A' to 'J'

As per our report of even date attached

For Jangid & Associates
Chartered Accountants

Sajjan Agarwal
Partner
Membership No. 102586

Place: Mumbai
Date: June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Director

Place: Mumbai
Date: June 20, 2009

Anshu
Director

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

I. Registration Details

Registration No.	:	165749	State code	:	55
Balance sheet date	:	31/03/2009			

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

Public issue	:	Nil	Right issue	:	Nil
Bonus issue	:	Nil	Private placement	:	Nil

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

Total liabilities	:	23,256,549	Total assets	:	23,256,549
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Sources of Funds

Paid up capital	:	21,000,000	Reserves and surplus	:	2,256,549
Secured loans	:	Nil	Unsecured loans	:	Nil

Application of Funds

Net fixed assets	:	Nil	Investments	:	22,468,454
Net current assets	:	712,674	Miscellaneous expenditure	:	Nil
Accumulated losses	:	Nil	Deferred tax assets	:	75,421

IV. Performance of Company (Amount in Rs.)

Turnover	:	1,804,864	Expenditure	:	12,976
Profit/Loss before tax	:	1,791,888	Profit/Loss after tax	:	1,317,606
Basic earning per share	:	0.63	Dividend rate %	:	Nil

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

Item code no. (ITC Code)	:	Not applicable
Product description	:	Investment in securities

As per report of even date attached

For Jangid & Associates
Chartered Accountants

Sajjan Agarwal
Partner
Membership No. 102586

Place: Mumbai
Date: June 20, 2009

For and on behalf of the Board of Directors

A. K. Mittal
Director

Anshu
Director

Place: Mumbai
Date: June 20, 2009

DIRECTORS' REPORT

To
Dear shareholders
Girdhar Vanijya Private Limited

Your Directors are pleased to present the 3rd Annual Report together with the Audited Accounts for the financial year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

Particulars	Current Year Rs.	Previous Year Rs.
Income	10,961,388	38,605,080
Profit before tax	10,210,244	6,872
Provision for tax	3,702,500	2,684
Profit after tax	6,507,744	4,188
Surplus carried to balance sheet	5,170,122	16,636

DIVIDEND

The Directors did not recommend any dividend for the financial year ended March 31, 2009.

EMPLOYEES

At present no employees covered under Section 217 (2A) of the Companies Act, 1956.

COMPLIANCE CERTIFICATE

A certificate under Section 383 A of the Companies Act, 1956, has been received from a practicing Company Secretary.

AUDITORS AND AUDITORS REPORT

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

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

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

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, 2009 and of the profit of the Company for the financial year ended March 31, 2009;
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.

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

In view of the nature of activities which are being carried on by the Company, rules 2A and 2B of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 concerning conservation of energy, research and development and technology absorption respectively are not applicable to the Company. The Company has no foreign exchange earnings and outgo during the financial year ended March 31, 2009.

DEPOSITS

During the financial year ended March 31, 2009, the Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, and the rules thereunder.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Aditi Mittal
Director

Place: Kolkata
Date: July 21, 2009

AUDITORS' REPORT

To
The Members ,
Girdhar Vanijya Private Limited

We have audited the attached Balance Sheet of Girdhar Vanijya Private Limited as at 31 March 2009 and also the Profit and Loss Account and Cash Flow 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.

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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003 as amended, issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent it is applicable to the Company .

Further to our comments in the Annexure referred to in paragraph above, we state that :-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
2. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books ;
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account ;
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub Section (3C) of Section 211 of the Companies Act, 1956 ;
5. On the basis of written representations received from the Directors, as at 31 March, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31 March, 2009 from being appointed as Director of the Company under Section 274(1)(g) of The Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies, and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - i) In the case of Balance Sheet, of the state of affairs of the company as at 31 March, 2009 ; and
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii) In the Cash flow statement of the Cash flow for the year ended on that date .

For Maroti & Associates
Chartered Accountants

M. K. Maroti
Proprietor
Membership No.: 057073

Place : Kolkata
Date : July 21, 2009

ANNEXURES TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our Report of even date on the Accounts for the year ended on 31 March 2009.

1. The Company had no fixed assets during the year. Hence Clause 4 (I) (a) (b) and (c) are not applicable.
2. a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable
b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) On the basis of our examination of the record of inventories, we are of the opinion that the company is maintaining proper records of inventories. No material discrepancies have been noticed on physical verification of inventories with book records and the same have been properly dealt with in the books of accounts
3. a) The company has not granted unsecured loans to parties covered in the Register maintained under Sec 301 of the Companies Act. Hence clause 4(III) (b) (c) and (d) are not applicable .
b) The company has not taken unsecured loan from party covered in the register maintained under Sec 301 of the Act Hence clause 4(III) (f) and (g) are not applicable .
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase and sale of shares and mutual funds. Further on the basis of our examinations and according to the information and explanations given to us we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
5. a) In our opinion and according to the information and explanations given to us there are no contracts or arrangements that need to be entered into the register maintained under Sec 301 of the Companies Act, 1956.
b) In our opinion and according to the information and explanations given to us as there are no contracts or arrangements that need to be entered in to the register maintained under Sec 301 of the Companies Act, 1956 , Paragraph (V) (b) of the order is not applicable.
6. The company has not accepted any deposits from the public. In our opinion and according to the information and explanations given to us the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable have been complied with .
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act,1956, in respect of services carried out by the Company.
9. a) According to the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and Other statutory dues applicable to it.
b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and Other statutory dues were outstanding at the year end for a period of more than Six Months from the date they became payable.
10. The Company does not have accumulated loss at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, the company has not defaulted in repayment of dues to financial institutions or bank. There were no outstanding debentures during the year.
12. According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In respect of dealing / trading in shares and mutual funds In our opinion and according to the information and explanations given to us proper records have been maintained of the transactions and contracts and timely entries have been made therein in. The units have been held by the company in its own name
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.

16. The company has not obtained any term loans. Accordingly clause 4(xvi) of the Order is not applicable.
17. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, we report that the company has not utilized any funds raised on short term basis for long term investments.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause 4(xviii) of the order is not applicable.
19. The company did not have any outstanding debentures during the year. Accordingly, clause 4(xix) of the order is not applicable.
20. The company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. Based upon audit procedures performed for the purposes of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported by the management during the year under audit.

Further to our comments above, we report in terms of Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008

1. On the basis of our examination of current year balance sheet and the immediately preceding current year, balance sheet we report that the company be classified based on its assets as INVESTMENT COMPANY.
2. The Company is engaged in the Business of Non Banking Financial Institution and it has obtained a certificate of Registration from the Reserve Bank of India.
3. On the basis of our examination of current year balance sheet and profit and loss account we hereby report that company is entitled to continue to hold such certificate of registration in terms of its asset / income pattern as on 31 March, 2009.
4. According to the information and explanations given to us the Board of Directors has passed a resolution for Non Acceptance of any Public Deposits.
5. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, we report that the company has not accepted any deposit from the public during the year ended 31 March, 2009
6. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet and profit and loss account of the company, we report that the Company has complied with the prudential Norm relating to the Income Recognition, Accounting Standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non Banking Financial (Non Deposits Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions - 2007

For Maroti & Associates
Chartered Accountants

M. K. Maroti
Proprietor
Membership No.: 057073

Place : Kolkata
Date : July 21, 2009

BALANCE SHEET AS AT 31 MARCH 2009

	Schedule	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	A	2,100,000	2,100,000
Reserves and surplus	B	24,462,653	18,020,795
TOTAL FUNDS EMPLOYED		26,562,653	20,120,795
APPLICATION OF FUNDS			
Investments	C	22,500,000	2,500,000
Current Assets, Loans and Advances			
Stock in trade		–	609,805
Cash and bank balances	D	5,256,640	1,367,032
Loans and advances	E	3,033,356	1,199,242
Sundry debtors	F	–	17,727,739
		8,289,996	20,903,818
Less : Current Liabilities and Provisions			
Liabilities and provisions	G	4,227,343	3,315,843
Net Current Assets		4,062,653	17,587,975
Miscellaneous Expenditure (To the extent not written off or adjusted)	H	–	32,820
TOTAL FUNDS UTILISED		26,562,653	20,120,795
Statement of significant accounting policies and Notes forming an integral part of accounts	K		

As per our report of even date attached

For Maroti & Associates
Chartered Accountants

For and on behalf of the Board of Directors

M.K.Maroti
Proprietor
Membership No.057073Sneh Lata Mittal
DirectorAditi Mittal
DirectorPlace: Kolkata
Date: July 21, 2009Place: Kolkata
Date: July 21, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	<u>Schedule</u>	Current Year Rs.	Previous Year Rs.
INCOME			
Sales		–	31,408,133
Investment income	I	10,961,388	2,330,505
Commission received		–	4,256,637
Closing stock		–	609,805
TOTAL INCOME		10,961,388	38,605,080
EXPENDITURE			
Purchases		–	38,479,703
Personnel cost		90,000	28,710
Selling, administrative and other expenses	J	628,324	78,855
Miscellaneous expenses written off		32,820	10,940
TOTAL EXPENDITURE		751,144	38,598,208
Profit before tax		10,210,244	6,872
Less : Provision for tax			
Income tax		3,700,000	2,123
Fringe benefit tax		2,500	561
Profit after tax		6,507,744	4,188
Less: Prior year expenses		65,886	–
Profit after tax and prior period items		6,441,858	4,188
Less: Transfer to statutory reserve		1,288,372	837
Add : Balance brought forward from last year		16,636	13,285
Profit/(Loss) carried to Balance Sheet		5,170,122	16,636
Statement of significant accounting policies and Notes forming an integral part of accounts	K		

As per our report of even date attached

For Maroti & Associates
Chartered Accountants

M.K.Maroti
Proprietor
Membership No.057073

Place: Kolkata
Date: July 21, 2009

For and on behalf of the Board of Directors

Sneh Lata Mittal
Director

Place: Kolkata
Date: July 21, 2009

Aditi Mittal
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	10,210,244	6,872
Public issue and preliminary expenses	32,820	10,940
Investment income	(10,961,388)	(2,330,505)
	(718,324)	(2,312,693)
Adjustment for current assets		
Receivables	17,727,739	(17,727,739)
Current liabilities	(2,791,000)	3,000,311
	Cash flow from operating activities	(17,040,121)
Direct taxes paid	(2,500,000)	(566,170)
	Net cash from operating activities	(17,606,291)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of investment	(20,000,000)	(2,500,000)
Stock in trade	609,805	(609,805)
Investment income	10,961,388	2,330,505
Loans and advances given	600,000	(308,846)
	Net cash used in investment activities	(1,088,146)
Net increase/decrease, in cash and cash equivalents	3,889,608	(18,694,437)
Cash and cash equivalents at the beginning of the year	1,367,032	20,061,469
Cash and cash equivalents at the close of the year	5,256,640	1,367,032

As per our report of even date attached

For Maroti & Associates
Chartered Accountants

M.K.Maroti
Proprietor
Membership No.057073

Place: Kolkata

Date: July 21, 2009

For and on behalf of the Board of Directors

Sneh Lata Mittal
Director

Place: Kolkata

Date: July 21, 2009

Aditi Mittal
Director

SCHEDULES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Numbers	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
220,000 (Previous year - 220,000) Equity Shares of Rs. 10 each	2,200,000	2,200,000
	2,200,000	2,200,000
Issued, Subscribed and Paid Up		
210,000* (Previous year - 210,000) Equity Shares of Rs. 10 each	2,100,000	2,100,000
	2,100,000	2,100,000
* Out of the above 148,740 (70.83%) equity shares are held by the holding company (A. K. Capital Services Limited) as on 31/03/2009		
SCHEDULE - B		
RESERVES AND SURPLUS		
Statutory reserve as per RBI	1,292,531	4,159
Security premium	18,000,000	18,000,000
Surplus as per profit and loss account	5,170,122	16,636
	24,462,653	18,020,795
SCHEDULE - C		
INVESTMENTS - SHORT TERM		
LIC liquid plus fund	2,250,000	-
Investment in equity shares	-	2,500,000
	22,500,000	2,500,000
SCHEDULE - D		
CASH AND BANK BALANCES		
Cash on hand	696,937	1,341,192
Cash at bank - In current account	4,559,703	25,840
	5,256,640	1,367,032
SCHEDULE - E		
LOANS AND ADVANCES (Unsecured, considered good)		
Advance income tax / TDS (FY 2006-07)	33,072	33,072
Advance income tax / TDS (FY 2007-08)	500,284	500,284
Advance income tax / TDS (FY 2008-09)	2,500,000	-
Securities transaction tax	-	65,886
Share application	-	600,000
	3,033,356	1,199,242

SCHEDULES TO THE BALANCE SHEET AS AT 31 MARCH 2009

	As at 31/03/2009 Rs.	As at 31/03/2008 Rs.
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for over six months	–	–
Others, considered good	–	17,727,739
	<u>–</u>	<u>17,727,739</u>
SCHEDULE - G		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry creditors		
Total outstanding dues of micro and small enterprises	–	–
Total outstanding dues of other than micro, and small enterprises	500,000	–
Share application	–	3,300,000
Audit fees payable	11,000	3,000
Compliance fees payable	2,000	1,000
	<u>513,000</u>	<u>3,304,000</u>
Provisions		
Provision for income tax (FY 2006-07)	9,159	9,159
Provision for income tax (FY 2007-08)	2,123	2,123
Provision for income tax (FY 2008-09)	3,700,000	–
Provision for fringe benefit tax (FY 2007-08)	561	561
Provision for fringe benefit tax (FY 2008-09)	2,500	–
	<u>3,714,343</u>	<u>11,843</u>
	<u>4,227,343</u>	<u>3,315,843</u>
SCHEDULE - H		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary expenses	32,820	43,760
Less : Written off during the year	32,820	10,940
	<u>–</u>	<u>32,820</u>

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Current Year Rs.	Previous Year Rs.
SCHEDULE - I		
INVESTMENT INCOME		
Investment income	10,921,593	171,608
Dividend income on current investment	39,795	–
Commodities income	–	1,558,420
Interest on fixed deposit	–	600,477
	10,961,388	2,330,505
SCHEDULE - J		
SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Audit fees	11,000	3,000
Bank charges	17,940	5,896
Compliance fees	1,000	1,000
Conveyance expenses	22,200	3,745
Demat charges	4,358	2,080
Filing fees	1,206	2,700
General expenses	22,838	7,353
Photostate expenses	19,970	8,741
Printing and stationery expenses	27,460	9,641
Professional fees	15,000	–
Securities transaction tax	2,619	–
Service tax	469,053	17,397
Staff welfare expenses	13,387	5,321
Transaction charges	293	11,981
	628,324	78,855

SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

SCHEDULE - K

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

- Basis of preparation of financial statements:** The Financial Statements have been prepared on the basis of historical cost convention on accrual basis, in accordance with the applicable accounting standards and on the basis of going concern. The financial statements have been prepared in compliance with all material aspects of the Accounting Standards presented in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government, to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956.
- 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.
- Investments:** Current Investments are carried at lower of cost or fair value. Incase of Investment in mutual fund units, the net assets value of units declared by the mutual fund is considered as fair value.
- Revenue recognition:** Revenue from Brokerage and commission is recognised when the contract has been completed. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Investment Income is recognised on the date of sale of securities.
- Accounting for taxes on income:** 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. Fringe benefit tax is provided as per the provisions of Income Tax Act, 1961 on chargeable expenses incurred during the year.
- 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:

- Auditors Remuneration** - Audit fees for the current year is Rs. 11,000 and for the previous year is Rs. 3,000.
- Expenditure and Earnings in foreign currency for the year ended 31/03/2009 is nil.
- Miscellaneous Expenditure:** Expenses included under the head miscellaneous expenditure is be fully amortised during the current financial year.
- Prior period Items include security transaction tax for the FY 2007-08.
- The stock in trade is transferred to investments at the beginning of the year.
- Earnings per share (EPS):**

	Current Year	Previous Year
(i) Net profit after tax available for equity shareholder (Rs.)	6,441,858	4,188
(ii) Weighted average number of equity shares outstanding at the year end (No.)	210,000	210,000
(iii) Basic earnings per share (Rs.)	30.68	0.20
(iv) Nominal value of share (Rs.)	10	10

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

Signatures to schedules 'A' to 'K'

As per our report of even date attached

For Maroti & Associates
Chartered Accountants

M.K.Maroti
Proprietor
Membership No.057073

Place: Kolkata
Date: July 21, 2009

For and on behalf of the Board of Directors

Sneh Lata Mittal
Director

Aditi Mittal
Director

Place: Kolkata
Date: July 21, 2009

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

I. Registration Details

Registration No.	:	107718	State code	:	21
Balance sheet date	:	31/03/2009			

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

Public issue	:	Nil	Rights issue	:	Nil
Bonus issue	:	Nil	Private placement	:	Nil

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

Total liabilities	:	26,562,653	Total assets	:	26,562,653
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Sources of Funds

Paid up capital	:	2,100,000	Reserves and surplus	:	24,462,653
Secured loans	:	Nil	Unsecured loans	:	Nil

Application of Funds

Net fixed assets	:	Nil	Investments	:	22,500,000
Net current assets	:	4,062,653	Miscellaneous expenditure	:	Nil
Accumulated losses	:	Nil			

IV. Performance of Company (Amount in Rs.)

Turnover	:	10,961,388	Expenditure	:	751,144
Profit/Loss before tax	:	10,210,244	Profit/Loss after tax	:	6,441,858
Basic earning per share	:	30.68	Dividend rate %	:	Nil

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

Item code no. (ITC Code)	:	Not applicable
Product description	:	Non Banking Finance Company

As per our report of even date attached

For Maroti & Associates
Chartered Accountants

For and on behalf of the Board of Directors

M.K.Maroti
Proprietor
Membership No.057073

Sneh Lata Mittal
Director

Aditi Mittal
Director

Place: Kolkata
Date: July 21, 2009

Place: Kolkata
Date: July 21, 2009



STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the subsidiary Company	A. K. Stockmart Private Limited	A. K. Capital Corporation Private Limited	Girdhar Vanija Private Limited
Financial year ending	March 31, 2009	March 31, 2009	March 31, 2009
Date from which it became the Subsidiary	20/02/2006	29/01/2007	04/08/2008
Number of equity shares held by A. K. Capital Services Limited as on March 31, 2009	7,000,000 equity shares	2,100,000 equity shares	148,740 equity shares
Face value of equity shares (Rs.)	10	10	10
Extent of holding of A. K. Capital Services Limited as on March 31, 2009	100%	100%	70.83%
Net aggregate profit/(loss) so far it concerns the members of the holding company			
a. For the financial year ended on March 31, 2009			
(i) Not dealt with in the holding company accounts (Rs.)	17,345,848	1,804,864	10,961,388
(ii) Dealt with the holding company accounts (Rs.)	50	–	–
b. For the subsidiary Companies previous financial years since it became a subsidiary			
(i) Not dealt with in the holding company accounts (Rs.)	18,541,741	915,188	N.A.
(ii) Dealt with the holding company accounts (Rs.)	1,549,328	–	N.A.

DETAILS OF SUBSIDIARY COMPANY

Particulars	A. K. Stockmart Private Limited	A. K. Capital Corporation Private Limited	Girdhar Vanija Private Limited
Share Capital	70,000,000	21,000,000	2,100,000
Reserves and Surplus	3,019,601	2,256,549	24,462,653
Total Assets	95,128,449	24,232,064	30,789,996
Total Liabilities	95,128,449	24,232,064	30,789,996
Investments	27,509,955	22,468,454	22,500,000
Total Revenue	17,345,898	1,804,864	10,961,388
Profit before tax	3,821,301	1,791,888	10,210,244
Provision for tax	1,371,243	474,282	3,702,500
Profit after tax	2,450,058	1,317,606	6,507,744



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 and hand it over at the entrance of the Meeting Hall.

Folio No./DP ID No.: _____
No. of Shares held : _____
Name & Address of the Shareholder _____

I hereby record my presence at the 16th ANNUAL GENERAL MEETING of A. K. CAPITAL SERVICES LIMITED held at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110 030 on Saturday, September 5, 2009 at 9 a.m.

Name(s) of the Shareholder(s)/Proxy (IN BLOCK CAPITALS)

Signature(s) of the Shareholder(s) or Proxy _____

NOTE: No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring your copy of the Annual Report to the Meeting.

----- 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

Proxy Form

16th Annual General Meeting

Folio No./DP ID No.: _____

No. of Shares held : _____

I/We _____

of _____ being a

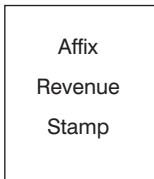
member/members of A. K. CAPITAL SERVICES LIMITED hereby appoint _____

_____ of _____

or failing him _____ of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held on Saturday, September 5, 2009 and at any adjournment thereof.

Signed this _____ day _____ of 2009.



Signed by the said

NOTE: The Proxy form duly completed must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. The form should be signed across the stamp as per specimen signature recorded with the Company.

Book-Post

If undelivered please return to :

A. K. Capital Services Limited

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