

# Annual Report 2009-2010



A.K. CAPITAL SERVICES LTD.

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BUILDING *Special* BONDS



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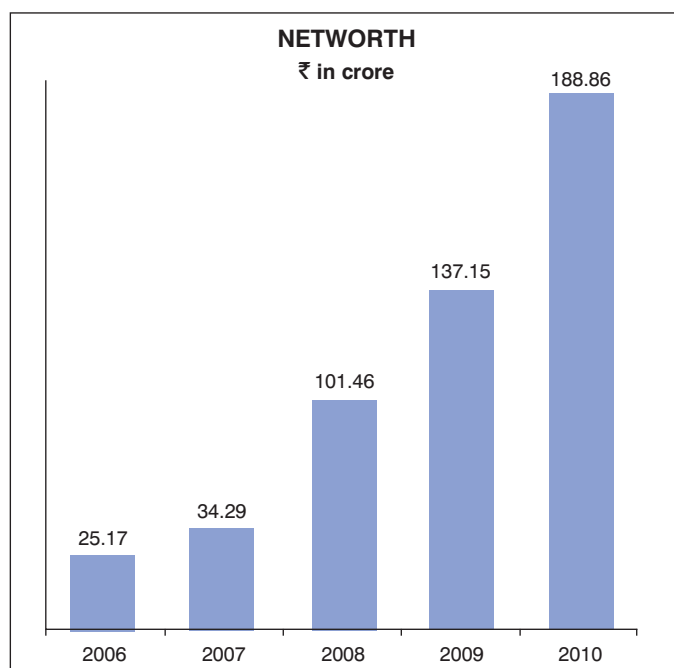
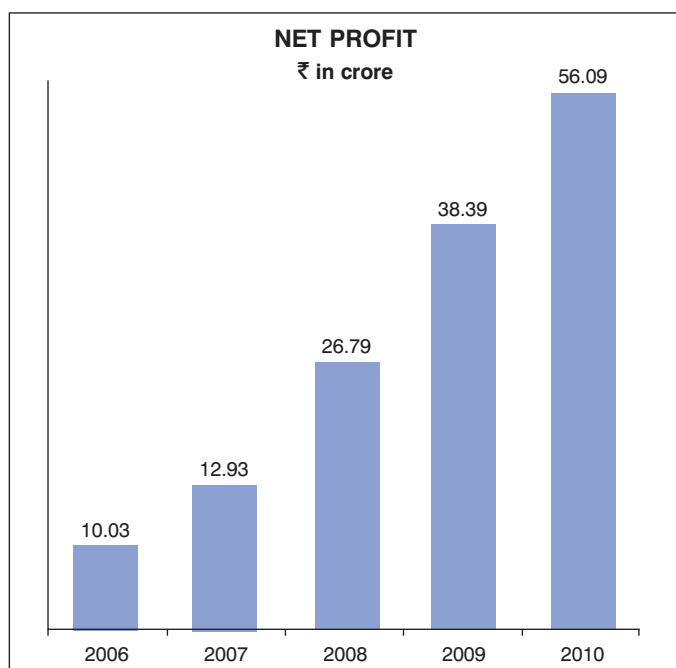
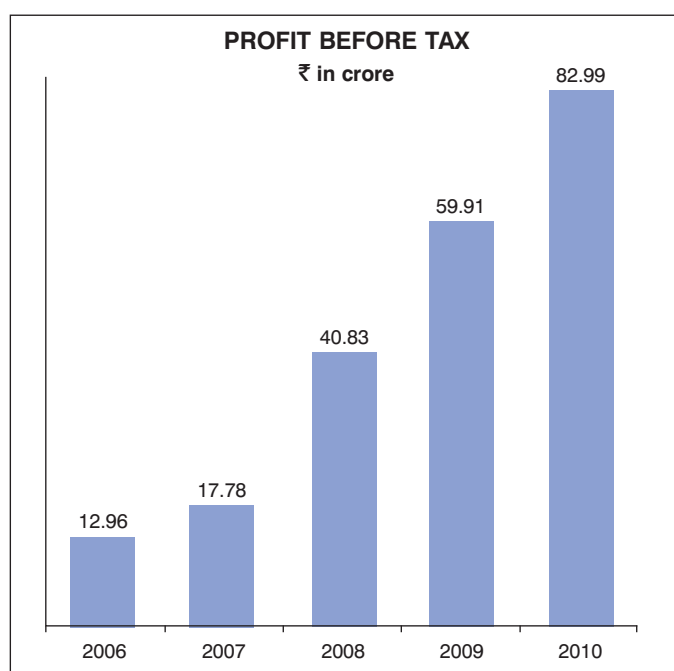
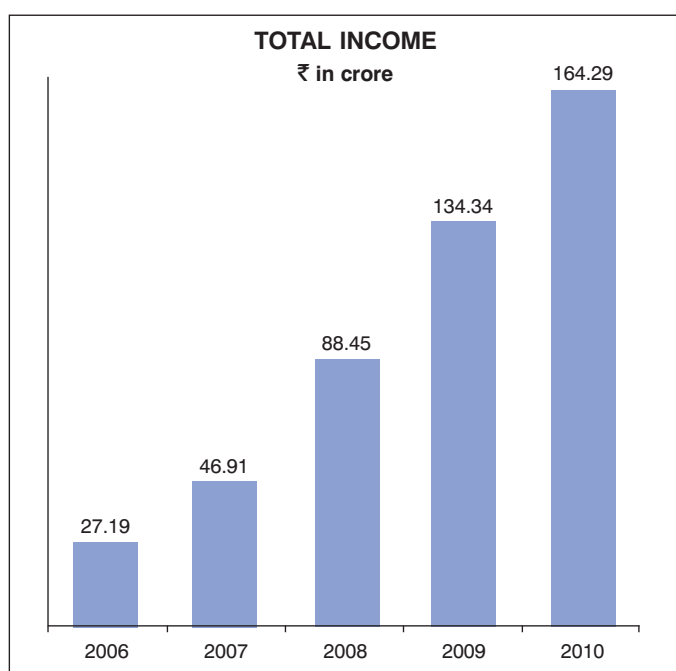
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## Consolidated Financial Performance of A. K. Capital Services Limited and its Subsidiaries

(₹ in crore except per share data)

Year Ended March 31,	2010	2009	2008	2007	2006
Total Income	164.29	134.34	88.45	46.91	27.19
Total Expenditure	81.30	74.43	47.62	29.13	14.23
Profit Before Tax	82.99	59.91	40.83	17.78	12.96
Tax Expenses	26.83	21.29	14.03	4.10	2.93
Net Profit (after Tax and Minority Interest)	56.09	38.39	26.79	12.93	10.03
Paid-Up Equity Share Capital	6.60	5.80	5.80	5.00	5.00
Face Value Per Share (₹)	10	10	10	10	10
Networth (after Minority Interest)	188.86	137.15	101.46	34.29	25.17
Basic Earning Per Share (₹)	85.39	66.59	48.76	27.36	20.07
Book Value Per Share (₹)	286.15	207.80	153.73	68.58	50.34
Equity Dividend per share (₹)	6.00	3.50	3.50	3.50	2.50



## 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

### 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](http://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 17th 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, 2010.

### FINANCIAL HIGHLIGHTS

#### Standalone financial result of A. K. Capital Services Limited

(₹ in crore except per share data)

Particulars	Current year	Previous year	Growth
Total income	158.74	131.34	21%
Profit before tax	80.00	58.33	37%
Provision for taxes	25.75	20.74	24%
Profit after tax	54.26	37.59	44%
Net worth	185.91	136.16	37%
Dividend including dividend tax	4.63	2.70	71%
Earning per share (face value ₹ 10 per share)			
Basic (in ₹)	82.53	64.82	27%
Diluted (in ₹)	82.53	39.16	111%

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

(₹ in crore except per share data)

Particulars	Current year	Previous year	Growth
Total income	164.29	134.34	22%
Profit before tax	82.99	59.91	39%
Provision for taxes	26.83	21.29	26%
Profit after tax & minority interest	56.09	38.39	46%
Net worth	188.86	137.15	38%
Earning per share (face value ₹ 10 per share)			
Basic (in ₹)	85.39	66.59	28%

### 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 ₹ 6 per equity share on 6,600,000 equity shares of the face value of ₹ 10 each for the financial year ended March 31, 2010. The dividend on equity shares together with tax thereon will have a payout of ₹ 4.63 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 1, 2010. The register of members and share transfer books will remain closed from Thursday, September 2, 2010 to Saturday, September 4, 2010, both days inclusive.

## SUBSIDIARIES

The subsidiaries of the Company are: A. K. Stockmart Private Limited, A. K. Capital Corporation Private Limited and A. K. Capital Finance Private Limited (formerly known as Girdhar Vanijya Private Limited).

Your Company posted consolidated revenue of ₹ 164.29 crore (up 22% as compared to FY 2008-09) and a consolidated profit after tax (after minority interest) of ₹ 56.09 crore (up 46% as compared to FY 2008-09).

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 C. Madan and Mr. Raghubinder Rai, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## 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, 2010 and of the profit of the Company for the financial year ended March 31, 2010;
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.

## CONVERSION 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, 2010. 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 as separate annexure. The Directors' Report and Audited Financial Statements are being sent to all the shareholders of the Company along with the aforesaid annexure.

### **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 : August 04, 2010



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The economy of India improved impressively during financial year 2009-10. The combination of a stable and sound financial system, effective regulatory oversight and a prompt and appropriate policy stimulus response helped the economy withstand much of the adverse effects of the global slowdown. Strong internal demand for consumer goods, government spending and investment has been the main reason for insulating the economy and nurturing the growth momentum. While government spending was likely to have grown by 8.2% last year, private consumption growth is expected to have been at around 4.6% and private investment growth is also expected to have recovered to 5.2% from 4% a year ago. Liquidity remained in surplus in 2009-10 and thus the money market conditions remained largely orderly.

In 2008-2009 the monetary policy was prioritized toward arresting moderation in growth and by the end-March 2009, RBI reduced the CRR and the Repo Rate by 400 bps each (to 5% for both) from its peak levels while the Reverse Repo rate was reduced from 6% to 3.25%, a drop of 275 bps. In the course of 2009-10 the stance of monetary policy was geared towards supporting early recovery of the growth momentum while facilitating the large borrowing programme of the Government. RBI has been continuously monitoring the inflation and has taken steps during the year to address these. In October 2009, the mandatory SLR requirement water stored back to its earlier level of 25% of NDTL. The CRR requirement was raised by 75bps on January 29th to end FY10 at 5.75%. On the other hand, the Repo as also the Reverse rates was increased by 25bps each on 19th March 2010. While the Reverse Repo rate at the end of the FY was at 3.5%, the Repo rate ended the FY at 5%.

10-year G-Sec yields movements can be categorized into 3 distinct phases. In the first phase (April 2009), 10-years G-Sec yield dropped sharply from 7.01% to 6.23% in the 2nd phase (May-August 2009), benchmark 10-year yield started to increase as the size of primary auctions were higher (from Rs. 12,000 crore to Rs. 15,000 crore) By end-September the 10-year yield rose to 7.17%. In the 3rd phase G-sec yields witnessed ranged trades before exhibiting a hardening bias on the back of lack of OMO purchase auctions in the second half of the FY; consequently the 10-year G-sec yield was at 7.72% by mid-January 2010 and also increased to above 8% in early March, 2010. 10-year yield softened to close the FY10 at around 7.85%. The weighted average yield of dated securities in H1 of 2009-10 was at 7.18% which increased to 7.72% in H2, bringing the average for the year at 7.36%. The higher weighted average yield in H2 was due to the lengthening of the borrowing maturity in H2 to 11.70 years compared to 10.93 years in H1. For the full year 2009-10 the weighted average maturity was at 11.16 years.

The Indian equities market rallied sharply during the last financial year due to the general improvement in global risk appetite. India ranked amongst the fastest growing economies in the world and benefited immensely during this phase. FIIs pumped in about USD23 billion (net inflows) into the stock markets in FY 2009-10. the Benchmark BSE sensex, which has dipped to 8100 in March 2009, saw a steep recovery to close at 17527 as on March 31, 2010. The total market capitalization of the companies listed on Bombay Stock exchange and National Stock exchange as on March 31, 2010 almost doubled to ₹ 6,165,619 crore and ₹ 6,009,173 crore respectively.

### OUR BUSINESS

A. K. Capital Services Limited, is a SEBI registered Category 1 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.
- The stock broking and Distribution services include offering product such as equities, derivatives, depository services, distribution of mutual funds, etc are carried out through its subsidiary A. K. Stockmart Private Limited (AKSM). AKSM is member of -
  - Cash segment, Future & Option Segment and Wholesale Debt market segment of National Stock Exchange of India.
  - Cash segment of Bombay Stock Exchange of India.
  - Depository member of CDSL
- Investment in bond and debentures through treasury operations.
- The non banking financing activities are being carried out though its subsidiary, A. K. Capital Finance Private Limited (formally known as Girdhar Vanijya Private Limited), which is registered with Reserve Bank of India as Non Banking Finance Company not accepting public deposits.

### OUR VALUES AND PRINCIPLES

Our core values drives our culture of compliance, ethical decision making and accountability. Our core values shape the culture and define the character of our Company. They guide how we behave and make decisions.



**Client value creation** - Our principle is to build long term relationships with our clients based on delivering value. We commit to what we can deliver and deliver what we commit. We seek to understand our client expectations and strive to meet or exceed them. Our client relationships are rooted in trust and delivering real value. We base our advice, recommendations and solutions on objective criteria and the needs of the client, not on convenience or self interest.

**Attracting and developing best talent for our business** - We provide a fair and positive environment in which people can grow and succeed. We create a positive, energetic environment to enable our employees to grow, succeed and build confidence from what they achieve. We understand and respect the different roles that each employee plays in success of A. K. Capital. We develop our people by providing an empowering environment. Our employees career paths are driven by their talents, skills and ability to perform.

**Integrity** - We inspire trust by taking responsibility, acting ethically and encouraging open debate. We communicate accurate, timely and relevant information to our stakeholders. We prepare and provide complete and accurate financial and other reports and records. We protect the propriety information of our clients and handle insider information appropriately and lawfully.

## OUR STRENGTHS

**Brand Image** - A. K. Capital Services Limited is one of the leading domestic financial services group 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.

**Building relationship** - 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, combines 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 of all stakeholders, customers, employees, investors and society as a whole - by getting the best from their people and leading continuous innovation.

**Risk management** - 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 business delivered results.

## FINANCIAL PERFORMANCE

### Consolidated Financial Highlights for FY 2009-10

Revenue of ₹ 164.29 crore (₹ 134.34 crore for FY 2008-09)

Profit after tax and minority interest of ₹ 56.09 crore (₹ 38.39 crore for FY 2008-09)

Basic EPS ₹ 85.39 (₹ 66.26 in FY 2008-09)

Diluted EPS ₹ 85.39 (₹ 40.03 in FY 2008-09)

### Standalone Financials

The financial positions of A. K. Capital Services Limited continues to remain strong. Your Company recorded growth of 21% in the total revenue to ₹ 158.74 crore in FY 2009-10 from ₹ 131.34 crore in FY 2008-09. The Company has continued to retain its leadership position in the domestic debt market and during FY 2009-10 has handled debt mobilization assignments aggregating to (approximately) ₹ 48,870 crore having a market share of (approximately) 28%. Income from merchant banking fees during FY 2009-10 was ₹ 75.72 crore. 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 Investment income grew by 60% to ₹ 80.34 crore in FY 2009-10 from ₹ 50.17 crore in FY 2008-09.

The profit after tax registered a growth of 44% to ₹ 54.26 crore during FY 2009-10 against ₹ 37.59 crore during FY 2008-09. Our constant focus to rationalize cost and promise resources helped us to deliver constant growth year on year and increasing PAT margins at 34%.

Employee cost is one of the single largest expenses of your Company at ₹ 12.83 crore for the FY 2009-10, an increase of 27% over the previous year. Administrative expenses increased by ₹ 5.18 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-ups the Company can leverage its existing strength and growth will be much faster. Your Company's policy to have growth through tie-ups have proved itself which is evident from the fact that the topline of the Company has grown at 21% in FY 2009-10 when compared to FY 2008-09 even in times of extremely difficult economic conditions across the globe. Depreciation expenses during the year is ₹ 1.50 crore.

The Company have maintained a strong and liquid Balance Sheet. The Company's paid up Share Capital is ₹ 6.60 crore. The Company's net worth grew to ₹ 185.91 crore in FY 2009-10 from ₹ 136.16 crore in FY 2008-09. The Book value per share rose to ₹ 281.68 in FY 2009-10 from ₹ 206.30 in FY 2008-09. During the year, the Company's gross block of fixed assets rose by ₹ 1.34 crore

to ₹ 45.68 crore. The increase in gross block were due to investments made in technology and for upgradation of existing offices. The Cash and Bank Balance was ₹ 7.10 crore.

#### **Outlook and strategy -**

A. K. Capital Services Limited is a well established brand in the financial services space. Our corporate values, execution, in-depth knowledge of product and integrity, has helped us to grow our business, build special relationships. Our experienced top management / middle management and their knowledge of market cycles have enabled us to build a business model that is capable of capturing market opportunities as they arise.

Indian economy is one of the major economies in the world to post a positive GDP growth rate even during the global financial crises. Ambitious disbursement targets of banks and infrastructure growth in the country would necessitate strengthening of capital base through issue of bonds and would widen the span of opportunities available in the markets. Bond Markets continue to gain a strong foothold in the Indian Financial Markets. The RBI credit policy, new policies introduced by the regulator and most importantly the rising investor interest in the bond market are all inclined towards strengthening the bond market scenario in India. Compared to FY 2008-09, bond market observed growth of 25% in FY 2009-10.

AK Capital has always focused on expanding business and profitable growth through diversified revenues stream, risk management and AK Capital values. This has kept us in good stead and continue to do so. Growth of Indian economy at a healthy rate leading to investment and capital requirement will be the opportunity for the Company. Regulatory reforms, online trading platform for corporate bonds, emerging high networth individuals, introduction of new products in bond market, public issue of bonds are the opportunities. We would scale up all the existing mature business and widen the product mix in them. Following this strategy we have emerged as a strong organization.

The Company's business strategy emphasis on Increasing its market share in India's expanding financial service industry by following disciplined growth strategy focusing on balanced quality and volume growth while delivering high quality service. The strategy will be to develop innovative products and services that attract customers and continue to develop products and services that reduces cost of funds. The focus will be on healthy earnings growth.

### **OPPORTUNITIES AND CHALLENGES**

#### **Opportunities**

- In developed economies, size of debt markets is many times the size of equity markets. Indian economy being one of the fastest growing and emerging economy is bound to witness exponential growth in size and depth of bond markets.
- Gradual movement to screen based trading in debt markets would further increase market size. Bonds are likely to percolate to the bottom of the pyramid i.e. individual investors
- With variety of products being introduced such as interest rate futures, credit default swaps etc, Indian debt market would no longer be confined to just a plain vanilla bonds. Variety in terms of structuring of products is likely to evolve suiting requirements of varied investor segments.
- Progressively higher retail participation in bonds through public issue of debt is likely to diversify investor segments purely from institutions to retail and semi retail investors.

#### **Challenges**

- Volatile interest rate movements.
- Competition.

### **HUMAN RESOURCES**

AK Capital propagates the following HR vision:

- Position employees and management at AK as the most sought after team in the industry, year on year.
- Advocate a climate that cultivates performance excellence along with personal and organizational growth.
- Be recognised of premier industry employers forging long-term relationships with employees.

We believe that the success of any company is a collective effort of all the people who make a company, who work for the company and who work with the company. Thus, though they are never represented on the balance sheet, our employees are the most vital asset of our organization.

AK Capital thoroughly follows meritocracy and nurtures a healthy working atmosphere that ensures equal opportunity of growth and challenge to each of our employee. Our talent pool is a mix of talented aspirants coming from different backgrounds and qualifications but working towards a common goal. The easily approachable management team at AK Capital always welcomes an employee with open hands and is more than happy to impart the knowledge they have acquired through their experience.

AK Capital treats its people with respect and dignity. Our team has been gradually increasing and last year alone we saw many new faces joining the AK family. We conduct training programs for our executives that not only help them to excel in their respective jobs but also enhance their credibility. This year we organized various training programs for middle and senior level management personnel.



We have given significance to make investments in the training and development sessions for the people that have successfully paved their growth paths. Probably that is one of the reasons that we see more people joining us, to build a long term association with the company.

### **RISK MANAGEMENT**

A. K. Capital Services Limited has focus of protecting the capital and having a healthy balance sheet. A. K. Capital Services Limited is a SEBI Registered Category I Merchant Banker and is governed by SEBI (Merchant Banking) Regulations, 1992. AK Capital conducts the business of stock broking through its subsidiary A. K. Stockmart Private Limited, which is governed by SEBI (Stock Brokers and Sub Brokers) Regulations, 1992. A. K. Stockmart Private Limited is a SEBI registered Depository participant with CDSL. The non banking financing activities are being carried out through its subsidiary, A. K. Capital Finance Private Limited (formally known as Girdhar Vanijya Private Limited), which is registered with Reserve Bank of India as Non Banking Finance Company not accepting public deposits.

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

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

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

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

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

### **CAUTIONARY STATEMENT**

The statements made in this report describe the Company's objectives and projections that may be forward looking statement within the meaning of applicable 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. A. K. Capital Services Limited has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.

## CORPORATE GOVERNANCE REPORT

### 1. A. K. CAPITAL'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how it is monitored and assessed, and how performance is optimized.

A. K. Capital's belief is that - Good Corporate Governance structures encourages companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.

A. K. Capital is committed towards maintaining absolute transparency, integrity, fairness, accountability, responsibility and protection of all the shareholders' interests. The philosophy of corporate governance of A. K. Capital is to achieve excellence in business, in order to enhance shareholder value.

A. K. Capital follows 6 core principles that we believe underlie good corporate governance -

**Principle 1** - Fundamental to any corporate governance structure is establishing the roles of management and the board with a balance of skills, experience and independence on the board appropriate to the nature and extent of company operations.

**Principle 2** - Integrity among those who can influence company's strategy and financial performance, together with responsible and ethical decision-making.

**Principle 3** - Meeting the information needs of a modern investment community is also paramount in terms of accountability. Presenting a company's financial and non-financial position requires processes that safeguard, both internally and externally, the integrity of company reporting and provide a timely and balanced picture of all material matters.

**Principle 4** - The rights of company owners, that is shareholders, need to be clearly recognized and upheld.

**Principle 5** - Every business decision has an element of uncertainty and carries a risk that can be managed through effective oversight and internal control.

**Principle 6** - Rewards are also needed to attract the skills required to achieve the performance expected by shareholders.

### 2. 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.

#### a) Composition

The Board comprises a balanced combination of Executive Directors, Non-Executive Directors and Independent Non executive Directors, which is in conformity with Clause 49 of the Listing Agreement of stock exchanges, where the shares of A. K. Capital, are listed. The Chairman of the Board is a Non-Executive Independent Director and fifty percent of the total number of Directors are Independent Directors. The Chairman is neither a promoter of the Company, nor related to the promoter of the Company.

None of the Directors are members 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/she is a Director.

The name of Directors, category of Directors, relationship with other Directors, number of Directorships and committee positions held by them as on March 31, 2010 are as follows:

Name of the Director	Category of Director	Relationship with other Director	Total number of Committee Memberships, Chairmanships and Directorships of public companies* as on March 31, 2010		
			Committee Membership+	Committee Chairmanship+	Directorship\$
Mr. Subhash Chandra Bhargava	Chairman, Independent and Non Executive Director	None	4	1	13
Mr. A. K. Mittal	Managing Director	Husband of Mrs. Anshu	1	-	4
Mr. Deepak Mittal	Whole time Director	None	1	-	2
Mr. Subhash C. Madan	Independent and Non Executive Director	None	-	1	3
Mr. Raghubinder Rai	Independent and Non Executive Director	None	1	-	1
Mrs. Anshu	Non Executive Director	Wife of Mr. A. K. Mittal	-	1	4

\* 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.

**b) Meetings and Attendance**

Six Board meetings were held during the financial year ended March 31, 2010 on April 13, 2009, April 21, 2009, July 25, 2009, October 29, 2009, December 7, 2009 and January 22, 2010. 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	6	No
Mr. A. K. Mittal	6	Yes
Mr. Deepak Mittal	2	Yes
Mr. Subhash C. Madan	5	Yes
Mr. Raghubinder Rai	2	Yes
Mrs. Anshu	3	No

**3. DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT:**

Mr. Subhash C. Madan and Mr. Raghubinder Rai retire by rotation and being eligible; have offered themselves for re-appointment at the ensuing 17th Annual General Meeting of the Company. A brief resume of these Directors along with the nature of their expertise and details of other Directorships, committee positions and the number of shares held by them in the Company has been disclosed and forms part of the Notice convening the 17th Annual General Meeting.

**4. 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](http://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.

**5. COMMITTEES OF THE BOARD**

The Board of Directors of the Company has constituted following committees of the Board with specific terms of reference assigned to each of such committees -

- Audit Committee
- Shareholders Grievance Committee
- Remuneration Committee

Details of composition of committees, terms of reference of committees, number of committee meetings held during the financial year ended March 31, 2010 and the attendance at these meetings are as follows:

**a) AUDIT COMMITTEE****i. Composition of Audit Committee**

The Audit Committee comprises of two Independent Non Executive Directors and one Executive Director. The Committee is chaired by an Independent Non executive 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 Audit Committee comprises of following Directors -

Mr. Subhash C. Madan	Chairman of the Committee, Independent and Non Executive Director
Mr. Raghubinder Rai	Member, Independent and Non executive Director
Mr. A. K. Mittal	Member, Executive Director

The Company Secretary acts as the Secretary for the Audit Committee.

**ii. 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 Management, the Statutory and Internal Auditors and the Board of Directors, and oversees the financial reporting process. 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.

### iii. Meetings and Attendance

Four Audit Committee meetings were held during the financial year ended March 31, 2010 on April 21, 2009, July 24, 2009, October 29, 2009, and January 21, 2010. Not more than four months had elapsed between two such meetings. Details of attendance of each member at such meetings are given below -

Name	Number of Audit Committee meetings attended
Mr. Subhash C. Madan	4
Mr. Raghubinder Rai	4
Mr. A. K. Mittal	1

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.

The minutes of the Audit Committee Meetings are placed before the Board. The Chairman of the Audit Committee briefs the Board Members about the significant discussions and decisions taken at Audit Committee meetings.

Mr. Subhash C. Madan, Chairman of the Audit committee was present at the last Annual General Meeting held on September 5, 2009.

## b) SHAREHOLDERS GRIEVANCE COMMITTEE

### i. 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. The Shareholders Grievance Committee comprises of following Directors -

Mrs. Anshu	Chairman of the Committee, Non executive Director
Mr. Deepak Mittal	Member, Whole time Director

### ii. 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

### iii. Meetings and Attendance

During the financial year ended March 31, 2010, one Shareholders Grievance Committee meeting was held on March 19, 2010. All the members of the shareholders grievance committee were present in the said meeting.

Based on the report received from the Company's registrar and share transfer agent, the Company has received one complaint during the financial year 2009-10. All the complaints were redressed to the satisfaction of the shareholders. No complaints were pending unresolved as on March 31, 2010.

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, Nariman Point, Mumbai-400021

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

## c) REMUNERATION COMMITTEE

### i. Composition of Remuneration Committee

The Remuneration Committee comprises of two Independent Non executive Directors and one Non Executive Director. The Remuneration Committee comprises of following Directors -

Mr. Raghubinder Rai	Chairman of the Committee, Independent and Non executive Director
Mr. Subhash C. Madan	Member, Independent and Non executive Director
Mrs. Anshu	Member, Non executive Director

### ii. Terms of Reference

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

### iii. 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.

### iv. Meetings and Attendance

During the financial year ended March 31, 2010, Remuneration Committee meetings were held on April 4, 2009, July 24, 2009, September 30, 2009, December 31, 2009, March 27, 2010, March 31, 2010. Details of attendance of each member at such meetings are given below -

Name	Number of Remuneration Committee meetings attended
Mr. Raghubinder Rai	6
Mr. Subhash C. Madan	6
Mrs. Anshu	2

### v. Remuneration to Non Executive Directors

The Company pays ₹ 10,000 towards sitting fees to all the Directors for every Board Meeting attended. The sitting fees paid/payable to Non Executive Directors for the financial year ended March 31, 2010 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, 2010 ₹	Number of Equity Shares held as on March 31, 2010
Mr. Subhash Chandra Bhargava	50,000	–
Mr. Subhash C. Madan	40,000	–
Mr. Raghubinder Rai	10,000	–
Mrs. Anshu	40,000	172,275

### vi. 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 ₹ 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, 2010 are as follows:

	Mr. A. K. Mittal Managing Director ₹	Mr. Deepak Mittal Whole time Director ₹
Salary and allowances	1,80,00,000	23,04,480
Sitting fees	50,000	20,000
Bonus	1,85,00,000	53,25,000
Perquisites and allowances	9,80,000	–
	<b>3,75,30,000</b>	<b>76,49,480</b>

### vii. Shareholding of Directors

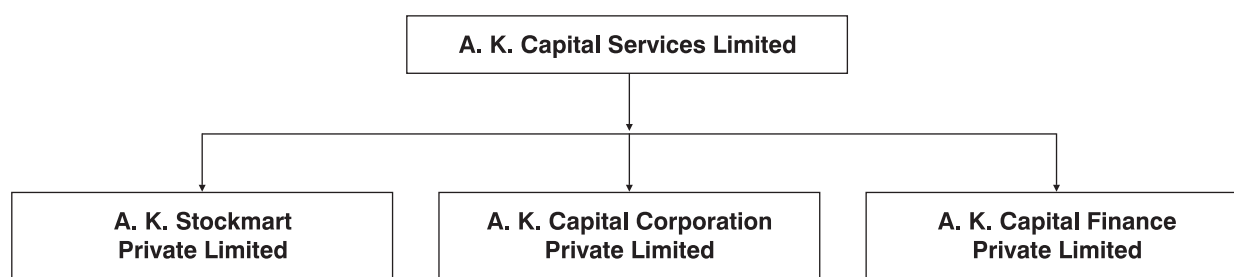
The shareholding of the Directors as at March 31, 2010 is as under:

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	506,818	7.68
Mr. Deepak Mittal	–	–
Mr. Subhash C. Madan	–	–
Mr. Raghubinder Rai	–	–
Mrs. Anshu	172,275	2.61



## 6. SUBSIDIARY COMPANIES

The Company has following subsidiary companies as on March 31, 2010



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. 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.

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

## 7. 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 Resolutions passed
16th Annual General Meeting	Saturday, September 5, 2009 9.00 a.m. Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi -110030	<ol style="list-style-type: none"> <li>1. Amendment of Articles of Association.</li> <li>2. Increase in remuneration of Mr. A. K. Mittal, Managing Director.</li> </ol>
15th Annual General Meeting	Saturday, August 23, 2008 9.00 a.m. Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi -110030	<ol style="list-style-type: none"> <li>1. Increase in remuneration of Mr. A. K. Mittal, Managing Director.</li> <li>2. Investment in securities of Subsidiary company(s)/ Associate company(s).</li> <li>3. Investment in securities of other Body Corporate.</li> <li>4. Further issue of shares/ convertible instruments through QIP.</li> <li>5. Increase in remuneration of Mr. Deepak Mittal, Whole time Director.</li> </ol>
14th Annual General Meeting	Saturday, September 29, 2007, 9.00 a.m. Tivoli Garden Resort Hotel, Chattarpur Road, New Delhi -110030	<ol style="list-style-type: none"> <li>1. Alteration of Memorandum of Association and Articles of Association for increase in authorized capital.</li> <li>2. Preferential issue of Convertible Warrants.</li> <li>3. Preferential issue of Equity shares.</li> <li>4. Preferential issue of Convertible Cumulative Preference shares.</li> <li>5. Increase in remuneration of Mr. A. K. Mittal, Managing Director.</li> <li>6. Increase in remuneration of Mr. Deepak Mittal, Whole time Director</li> <li>7. Amendment of Articles of Association.</li> </ol>

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.

## 8. DISCLOSURES

### a) Disclosure of Related Party Transactions

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

**b) Disclosure of Accounting Treatment in Preparation of Financial Statements**

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

**c) Disclosure of Risk Management**

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

**d) Code of Prevention of insider trading practices**

The Company has framed its own Code for Prevention of Insider Trading which is applicable to the Directors and Designated Employees of the Company. The Code, inter-alia contains rules for the preservation of price sensitive information, pre-clearance of trade, monitoring, implementation of the Code of Conduct and reporting requirements.

**e) Other Disclosures**

- i. The Company has duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement and all other laws applicable to the Company.
- ii. No penalty has been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any other Statutory Authorities, on any matter related to the capital markets, during last three years.
- iii. The quarterly and yearly financial results are displayed on the Company's website and are being published in English and Hindi newspapers.
- iv. In line with the requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.

**9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**10. CEO/CFO CERTIFICATION**

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

**11. SHAREHOLDER INFORMATION**

a)	Annual General Meeting (Day, Date, Time and Venue)	Saturday, September 4, 2010 at 9 a.m. Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110030
b)	Financial Calendar (2010-11)	Financial Year - April 1, 2010 to March 31, 2011 Results for the quarter ended 30.06.2010 - before 15.08.2010* 17th Annual General Meeting - September 4, 2010 Results for the quarter ended 30.09.2010 - before 15.11.2010* Results for the quarter ended 31.12.2010- before 15.02.2011* Results for the quarter ended 31.03.2011- before 15.05.2011* * The above dates are indicative.
c)	Date of Book Closure	September 2, 2010 to September 4, 2010 (both days inclusive)
d)	Dividend Payment Date	On or before October 3, 2010
e)	Listing of equity share on stock exchanges	The Bombay Stock Exchange Limited The Delhi Stock Exchange Association Limited (The requisite listing fees have been paid in full to all these Stock Exchanges)
f)	Stock Code	The Bombay Stock Exchange Limited - 530499 The Delhi Stock Exchange Association Limited - 1305
g)	Demat ISIN numbers in NSDL and CDSL for equity shares	ISIN No. INE701G01012
h)	Registrar and Share Transfer Agent (Correspondence address for all queries relating to the shares of the Company)	Abhipra Capital Limited Abhipra Complex, A -387, Dilkhush Industrial Area, G. T. Karnal Road, New Delhi -110033 Tel: +91 11 42390990, Fax: +91 11 42390911

i)	Share transfer system	The Company's shares are compulsorily traded in dematerialised 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.
j)	Dematerialization of shares	As on March 31, 2010, 96.65% of the paid-up Equity Share Capital of the Company was in dematerialized form.
k)	Address for correspondence	Mr. Pawan Kumar Agarwal A. K. Capital Services Limited 609, Antriksh Bhawan, 6th floor, 22 Kasturba Gandhi Marg, New Delhi - 110001 Tel: +91 11 23739628 Fax: +91 11 23739627 Email: akdelhi@akgroup.co.in
l)	Website	www.akcapindia.com
m)	Plant locations	Not Applicable

## 12. DISTRIBUTION OF EQUITY SHAREHOLDING

Distribution schedule of Equity shareholding of the Company as at March 31, 2010 is as follows:

From	Category	To	Number of shareholders	% of total shareholders	Total Number of shares held	% of total shareholding
1	-	2,500	923	69.04	55,578	0.84
2,501	-	5,000	178	13.31	66,900	1.01
5,001	-	10,000	67	5.01	48,677	0.74
10,001	-	20,000	44	3.29	66,706	1.01
20,001	-	30,000	17	1.27	42,567	0.64
30,001	-	40,000	12	0.90	40,676	0.62
40,001	-	50,000	19	1.42	88,521	1.34
50,001	-	100,000	14	1.05	113,368	1.72
100,001	-	Above	63	4.71	6,077,007	92.08
			<b>1,337</b>	<b>100.00</b>	<b>6,600,000</b>	<b>100.00</b>

Equity Shareholding Pattern of the Company as at March 31, 2010 is as follows:

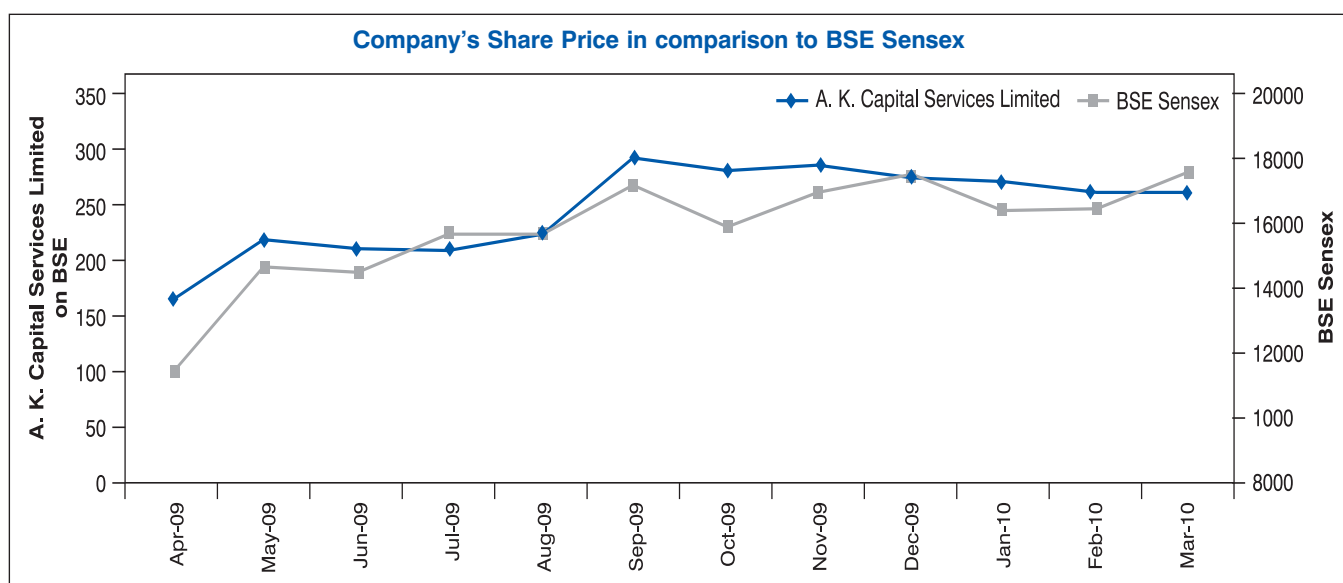
Category	Number of shares	% of Total Shareholding
<b>Promoter and promoter group</b>		
Indian	38,72,226	58.67
<b>Sub total (A)</b>	<b>38,72,226</b>	<b>58.67</b>
<b>Public</b>		
FII's	869	0.01
NRIs/Foreign Bodies Corporate	1,906	0.03
Indian Bodies Corporate	14,08,812	21.35
Individual/HUF	13,15,448	19.93
Clearing Members	739	0.01
<b>Sub total (B)</b>	<b>27,27,772</b>	<b>41.33</b>
<b>Total Shareholding (A) + (B)</b>	<b>66,00,000</b>	<b>100.00</b>

**13. STOCK PRICE DATA**

Stock Price Data of the Company for the FY 2009-10 on The Bombay Stock Exchange Limited is as follows:

Month	High Price ₹	Low Price ₹
April 2009	171.65	135.65
May 2009	219.80	145.50
June 2009	250.00	186.00
July 2009	225.00	157.90
August 2009	250.00	181.10
September 2009	300.00	211.00
October 2009	308.00	254.00
November 2009	300.00	226.00
December 2009	288.95	256.35
January 2010	319.45	256.00
February 2010	278.50	244.30
March 2010	284.90	251.50

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

**14. MEANS OF COMMUNICATION**

The quarterly and yearly results are published in leading newspapers such as The Economic Times, Business Line, Jansatta. The Company's results are displayed on the Company's website [www.akcapindia.com](http://www.akcapindia.com).

**15. COMPLIANCE CERTIFICATE FROM THE AUDITORS**

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

Place : Mumbai

Date : August 4, 2010

## **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 2010.

By the order of the Board of Directors

A. K. Mittal  
Managing Director

Place : Mumbai  
Date : August 4, 2010

## **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, 2010 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which will violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, the deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee that there is:
  - a) no significant change in internal control over financial reporting during the year,
  - b) no significant change in accounting policies during the year under review and
  - c) no instances of any fraud in the Company in which the management has any role.

A. K. Mittal  
Managing Director

Vikas S. Agarwal  
CFO

Place : Mumbai  
Date : August 4, 2010



**ANNEXURE III**  
**AUDITOR'S CERTIFICATE**

To  
The Members of  
A.K. Capital Services Limited

We have examined the compliance of conditions of corporate governance by A. K. Capital Services Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

For Suresh Surana & Associates  
Chartered Accountants

Ramesh Gupta  
Partner  
Membership No. : 102306

Place : Mumbai  
Date : August 4, 2010

## AUDITORS' REPORT

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

1. We have audited the attached balance sheet of A. K. Capital Services Limited ('the Company') as at March 31, 2010 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 March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon in Schedule 'O' give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
    - 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  
Firm Regn. No. : 121750W

Place : Mumbai  
Date : August 4, 2010



## 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 not granted loans, secured or unsecured to the companies, firms or other parties listed in the register maintained under Section 301 of the Act during the year. Accordingly, paragraph 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order are not applicable.
  - b) The Company has not taken loans, secured or unsecured from the 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 ₹ 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 March 31, 2010 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  
Firm Regn. No. : 121750W

Place : Mumbai  
Date : August 4, 2010

**BALANCE SHEET AS AT MARCH 31, 2010**

	<u>Schedule</u>	<b>As at 31.03.2010 ₹</b>	<b>As at 31.03.2009 ₹</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	A	66,000,000	238,000,000
Equity share warrants		–	67,500,000
Reserves and surplus	B	1,793,118,739	1,056,141,847
		<u>1,859,118,739</u>	<u>1,361,641,847</u>
<b>Loan funds</b>			
Secured loans	C	179,943,804	210,065,336
<b>Deferred tax liabilities (net)</b>		18,327,151	10,137,224
<b>TOTAL FUNDS EMPLOYED</b>		<u><b>2,057,389,694</b></u>	<u><b>1,581,844,407</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	D	456,839,417	443,392,481
Less : Depreciation		47,458,064	35,384,310
Net block		<u>409,381,353</u>	<u>408,008,171</u>
<b>Investments</b>	E	1,601,063,894	1,025,533,369
<b>Current assets, loans and advances</b>			
Sundry debtors	F	44,822,417	29,483,880
Cash and bank balances	G	70,972,303	98,683,838
Loans and advances	H	802,340,808	603,467,527
		<u>918,135,528</u>	<u>731,635,245</u>
<b>Less : Current liabilities and provisions</b>	I		
Current liabilities		187,696,843	170,602,623
Provisions		683,494,238	412,729,755
		<u>871,191,081</u>	<u>583,332,378</u>
<b>Net current assets</b>		<u>46,944,447</u>	<u>148,302,867</u>
<b>TOTAL FUNDS UTILISED</b>		<u><b>2,057,389,694</b></u>	<u><b>1,581,844,407</b></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

Ramesh Gupta  
Partner  
Membership No. 102306

Place : Mumbai  
Date : August 4, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Managing Director

Niki Shingade  
Company Secretary

Place : Mumbai  
Date : August 4, 2010

Anshu  
Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Current Year ₹	Previous Year ₹
<b>INCOME</b>			
Merchant banking fees		757,236,994	786,924,875
Investment income	J	803,437,548	501,714,268
Interest income (tax deducted at source ₹ 1,595; previous year ₹ 2,995,612)		120,638	13,277,262
Other income	K	26,575,729	11,527,261
		<b>1,587,370,909</b>	<b>1,313,443,666</b>
<b>EXPENDITURE</b>			
Personnel cost	L	128,275,365	101,245,188
Administrative, selling and other expenses	M	527,192,574	475,372,123
Interest expenses	N	116,821,655	136,889,487
Depreciation / amortisation		15,040,288	16,623,787
		<b>787,329,882</b>	<b>730,130,585</b>
<b>Profit before tax</b>		800,041,027	583,313,081
Less : Provision for taxation:			
– current tax		250,000,000	194,000,000
– deferred tax		7,370,526	8,599,786
– fringe benefit tax		–	4,650,000
– wealth tax		110,500	116,000
		<b>257,481,026</b>	<b>207,365,786</b>
<b>Profit after tax</b>		542,560,001	375,947,295
Prior year tax adjustments		(129,695)	(196,619)
Deferred tax related to earlier years		(819,401)	–
Prior year adjustments (net) (Refer note 9 of Schedule "O")		2,196,007	–
Balance brought forward from previous year		632,052,887	333,328,056
<b>Profit available for appropriation</b>		<b>1,175,859,799</b>	<b>709,078,732</b>
<b>APPROPRIATIONS</b>			
Amount transferred to general reserve		60,000,000	50,000,000
Proposed dividend on equity shares		39,600,000	23,100,000
Dividend tax thereon		6,730,020	3,925,845
Surplus carried to balance sheet		1,069,529,779	632,052,887
		<b>1,175,859,799</b>	<b>709,078,732</b>
Basic earnings per share		82.53	64.82
Diluted earnings per share		82.53	39.16
Nominal value of equity shares		10	10
Significant accounting policies and notes to accounts	O		

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

As per our report of even date attached

For Suresh Surana & Associates  
Chartered Accountants

Ramesh Gupta  
Partner  
Membership No. 102306

Place : Mumbai  
Date : August 4, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Managing Director

Niki Shingade  
Company Secretary

Place : Mumbai  
Date : August 4, 2010

Anshu  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

	Current Year ₹	Previous Year ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>800,041,027</b>	<b>583,313,081</b>
<b>Adjustments for</b>		
Depreciation	15,040,288	16,623,787
Loss/(profit) on sale of fixed assets	511,572	1,172,637
Interest income on current investments	(23,516,956)	(48,501,399)
Interest income - others	(120,638)	(13,277,262)
Interest expenses	116,821,655	136,889,487
Profit on sale of current investments (net)	(776,142,312)	(449,293,922)
Provision for diminution on current investment	2,397,185	12,325
Dividend income on current investments	(3,778,280)	(3,918,947)
Deposits / bad debts written-off	23,874,741	8,961,356
Prior period income / (expenses)	2,196,007	-
Balances written back	(473,674)	(120,363)
<b>Operating profit before working capital adjustments</b>	<b>156,850,615</b>	<b>231,860,780</b>
<b>Adjustments for</b>		
Trade and other receivables	(51,699,835)	189,940,374
Trade payable and other trade liabilities	27,488,196	118,642,710
<b>Cash generated from operations</b>	<b>132,638,976</b>	<b>540,443,864</b>
Direct taxes paid	(284,101,922)	(230,857,419)
Prior year expenses	(270,583)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>(151,733,529)</b>	<b>309,586,445</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work in progress)	(17,448,537)	(370,227,922)
Sale of fixed assets	400,000	2,601,000
(Purchase) / sale of investments (net)	198,214,602	1,075,772,526
Advance for investments	92,225,000	(31,525,000)
Dividend income on current investments	3,778,280	3,918,947
Interest income on current investments	28,875,327	37,783,930
<b>Net cash generated from/(used in) investing activities</b>	<b>306,044,672</b>	<b>718,323,481</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) of borrowings (net)	(30,121,532)	(805,019,333)
Interest received	120,638	13,277,262
Interest paid	(124,995,939)	(130,185,041)
Dividend paid	(23,100,000)	(25,345,902)
Dividend distribution tax paid	(3,925,845)	(4,307,536)
<b>Net cash generated from/(used in) financing activities</b>	<b>(182,022,678)</b>	<b>(951,580,550)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(27,711,535)</b>	<b>76,329,376</b>
Cash and cash equivalents at the beginning of the year	98,683,838	22,354,462
<b>Cash and cash equivalents at the end of the year</b>	<b>70,972,303</b>	<b>98,683,838</b>
<b>Cash and cash equivalents at the end of the year comprise of:</b>		
Cash on hand	370,154	907,445
Balances with banks in current accounts	69,889,509	97,348,731
Balances with banks in fixed deposits	117,562	-
Balances with banks in unpaid dividend accounts	595,078	427,662
	<b>70,972,303</b>	<b>98,683,838</b>

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

As per our report of even date attached

For Suresh Surana & Associates  
Chartered AccountantsRamesh Gupta  
Partner  
Membership No. 102306Place : Mumbai  
Date : August 4, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Managing DirectorNiki Shingade  
Company SecretaryPlace : Mumbai  
Date : August 4, 2010Anshu  
Director

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
33,000,000 (Previous year 15,000,000) Equity shares of ₹ 10 each	330,000,000	150,000,000
200,000 (Previous year 200,000) Redeemable cumulative preference shares of ₹ 100 each	20,000,000	20,000,000
Nil (Previous year 800,000) Convertible cumulative preference shares of ₹ 225 each	–	180,000,000
	<b>350,000,000</b>	<b>350,000,000</b>
<b>Issued, subscribed and paid up</b>		
6,600,000 (Previous year 5,800,000) Equity shares of ₹ 10 each fully paid up *	66,000,000	58,000,000
Nil (Previous year 800,000) 6% Convertible cumulative preference shares of ₹ 225 each fully paid up	–	180,000,000
	<b>66,000,000</b>	<b>238,000,000</b>
*Refer note B- 4(a) of Schedule"O"		
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
<b>General reserve</b>		
As per last balance sheet	252,088,960	202,088,960
Transferred from profit and loss account	60,000,000	50,000,000
	312,088,960	252,088,960
<b>Capital Reserve</b>		
As per last balance sheet	–	
Add: Forfeiture of amount received towards Equity share warrants (Refer note B- 4(b) of Schedule"O")	67,500,000	
	67,500,000	–
<b>Securities premium</b>		
As per last balance sheet	172,000,000	172,000,000
Add: Received during the year	172,000,000	–
	344,000,000	172,000,000
<b>Surplus as per profit and loss account</b>	<b>1,069,529,779</b>	<b>632,052,887</b>
	<b>1,793,118,739</b>	<b>1,056,141,847</b>
*Refer note B- 4(b) of Schedule"O"		
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
Term loan from a bank* (Repayable within one year ₹ 31,428,564; previous year ₹ 31,428,564)	169,300,984	205,322,204
Vehicle loans from a bank* (Repayable within one year ₹ 744,969; previous year ₹ 2,792,105)	10,642,820	4,743,132
	<b>179,943,804</b>	<b>210,065,336</b>
*Refer note B-1 of Schedule"O"		



## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

### SCHEDULE - D

#### FIXED ASSETS

(Amount in ₹)

ASSET DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2009	Additions during the year	Sales / Adjustments	As at 31.03.2010	Up to 31.03.2009	For the year	Sales / Adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold improvements	14,971,303	-	-	14,971,303	11,477,340	3,414,379	-	14,891,719	79,584	3,493,963
Office buildings (Refer note 1 below)	365,630,406	1,055,835	-	366,686,241	6,508,290	5,971,375	-	12,479,665	354,206,576	359,122,116
Machinery	369,060	-	-	369,060	243,939	17,530	-	261,469	107,591	125,121
Computer	9,384,371	445,273	-	9,829,644	8,404,882	1,016,312	* 2,114,681	7,306,513	2,523,131	979,489
Office equipment	10,452,685	285,121	-	10,737,806	1,796,377	498,950	* 246,310	2,049,017	8,688,789	8,656,308
Furniture and fixtures	17,417,069	1,173,524	-	18,590,593	1,946,407	1,111,598	* 105,599	2,952,406	15,638,187	15,470,662
Vehicles (Refer note 2 below)	22,773,738	11,898,699	1,411,516	33,260,921	4,940,579	2,212,194	499,944	6,652,829	26,608,092	17,833,159
Software	2,393,849	-	-	2,393,849	66,496	797,950	-	864,446	1,529,403	2,327,353
<b>Total</b>	<b>443,392,481</b>	<b>14,858,452</b>	<b>1,411,516</b>	<b>456,839,417</b>	<b>35,384,310</b>	<b>15,040,288</b>	<b>2,966,534</b>	<b>47,458,064</b>	<b>409,381,353</b>	<b>408,008,171</b>
Previous year	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	

Notes:

- Office buildings includes premises on leasehold land having net block of ₹ 333,590,597 (as at 31.03.2009 ₹ 339,189,649).
- Vehicles includes vehicles hypothecated against loan taken having net block of ₹ 17,084,647 (as at 31.03.2009 ₹ 10,335,931).

\*Refer note B-9 of Schedule "O"

### SCHEDULE - E

#### INVESTMENTS

##### Non trade, Quoted (fully paid up) - Current

##### Equity shares

	Face Value ₹	As at 31.03.2010		As at 31.03.2009	
		Numbers	₹	Numbers	₹
Shamken Spinners Limited	10	8,500	9,010	8,500	9,180
ABG Shipyard Limited	10	453,697	113,424,248	-	-
Era Infra Engineering Limited	2	10	1,972	-	-
Dewan Housing Finance Corp Limited	10	164,612	29,499,025	-	-
Hindustan Construction Co. Ltd.	1	185,976	24,562,340	-	-
IRB Infrastructure Development Limited	10	112,389	28,325,108	-	-
Jaiprakash Associates Limited	2	209,359	28,386,349	-	-
Lanco Infratech Limited	1	170,000	7,792,915	-	-
Mercator Lines Limited	1	191,198	10,608,894	-	-
Orbit Corporation Limited	10	45,504	12,129,335	-	-

##### Bonds

10.25% Shriram Transport Finance Company Limited 2015	100,000	2	191,740	-	-
10.25% Shriram Transport Finance Company Limited 2015	100,000	132	12,417,240	-	-
10.80% The Lakshmi Vilas Bank 2015	1,000,000	11	11,127,600	-	-
11% Shriram Transport Finance Company Limited	1,000	830	830,000	-	-
11.50% Magma Fincorp Limited 2015	1,000,000	40	40,000,000	-	-
8.64% Tamilnadu Electricity Board 2020	1,000,000	86	86,000,000	-	-
8.65% Industrial Development Bank of India Limited 2025	1,000,000	2	2,007,600	-	-
8.90% Punjab National Bank	1,000,000	1	989,442	-	-
8.92% UCO Bank 2020	1,000,000	7	6,980,358	-	-
8.95% Damodar Valley Corporation 2017	1,000,000	190	19,000,000	-	-
9.19% Great Eastern Shipping Company Limited 2018	1,000,000	5	4,995,000	-	-
9.25% Industrial Development Bank of India Limited 2014	1,000,000	4	3,972,080	-	-
9.50% Delhi Transco Limited 2016	100,000	21	2,100,000	-	-

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

### SCHEDULE - E (contd.)

	Face Value ₹	As at 31.03.2010		As at 31.03.2009	
		Numbers	₹	Numbers	₹
9.50% Delhi Transco Limited 2017	100,000	11	1,100,000	-	-
9.50% Delhi Transco Limited 2018	100,000	150	15,000,000	-	-
9.50% Delhi Transco Limited 2019	100,000	230	23,000,000	-	-
9.50% Delhi Transco Limited 2020	100,000	230	23,000,000	-	-
9.50% Delhi Transco Limited 2021	100,000	250	25,000,000	-	-
9.50% Delhi Transco Limited 2024	100,000	230	23,000,000	-	-
9.50% Delhi Transco Limited 2025	100,000	230	23,000,000	-	-
9.95% State Bank of Hyderabad	1,000,000	-	-	100	103,540,000
10% Indusind Bank 2012	1,000,000	-	-	3	3,000,789
10.50% Indusind Bank Ltd 2014	1,000,000	-	-	219	219,000,000
11% Andhra Bank 2018	1,000,000	-	-	1	1,001,940
12.60% Shriram Transport Finance Company Limited 2014	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% Tourism Finance Corporation of India Limited 2019	1,000,000	-	-	95	95,000,000
9.75% Punjab National Bank	1,000,000	-	-	100	100,924,410
			578,450,256		738,992,369
<b>Non trade, Unquoted (fully paid up) - Current</b>					
LICMF Liquid Fund - Dividend Plan	10	4,098,643	45,003,513	-	-
Peerless Ultra Short Term Fund - Super Institutional Daily Dividend	10	50,005,612	500,061,125	-	-
LICMF Income Plus Fund - Daily Dividend Plan	10	-	-	10,900,000	109,000,000
			545,064,638		109,000,000
<b>In subsidiaries (Unquoted) - long term</b>					
Equity shares of A. K. Stockmart Private Limited (Wholly owned)	10	12,000,000	120,000,000	7,000,000	70,000,000
Equity shares of A. K. Capital Corporation Private Limited (Wholly owned)	10	2,100,000	21,000,000	2,100,000	21,000,000
Equity shares of A. K. Capital Finance Private Limited (Formaly known as Girdhar Vanijya Private Limited)	10	2,648,740	264,874,000	148,740	14,874,000
			405,874,000		105,874,000
<b>Trade, unquoted - others - long term</b>					
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 Private Limited	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
Equity Shares of India Bond Private Limited	10	800	8,000	-	-
<b>Non trade, unquoted - others - long term</b>					
Units of Urban Infrastructure Opportunities Fund	100,000	500	70,500,000	500	70,500,000
			71,675,000		71,667,000
<b>TOTAL</b>			<b>1,601,063,894</b>		<b>1,025,533,369</b>
<b>Aggregate value of quoted investments</b>					
Equity			254,739,196		9,180
Bond			323,711,060		738,983,189
<b>Aggregate value of unquoted investments</b>			1,022,613,638		286,541,000
<b>Market value of quoted investments</b>					
Equity			264,189,430		9,180
Bond*			323,711,060		738,983,189

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

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010**

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SCHEDULE - F</b>		
<b>SUNDRY DEBTORS (Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months	–	–
Other debts	44,822,417	29,483,880
	<b>44,822,417</b>	<b>29,483,880</b>
<b>SCHEDULE - G</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	370,154	907,445
Balances with scheduled banks:		
– in current accounts	69,889,509	97,348,731
– in Fixed deposit	117,562	–
– in unpaid dividend accounts	595,078	427,662
	<b>70,972,303</b>	<b>98,683,838</b>
<b>SCHEDULE - H</b>		
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	20,058,767	10,331,000
Deposits*	65,486,409	68,088,122
Advance against investments	69,300,000	161,525,000
Advance tax and tax deducted at source (including fringe benefit tax paid ₹ 14,945,340; as at 31.03.2009 ₹ 14,945,340)	647,495,632	363,523,405
	<b>802,340,808</b>	<b>603,467,527</b>
* Refer note B - 13 of Schedule "O"		
<b>SCHEDULE - I</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current liabilities</b>		
Sundry creditors		
(a) total outstanding dues of micro and small enterprises (Refer note B - 15 of Schedule "O")	–	–
(b) total outstanding dues of creditors other than micro, and small enterprises	110,047,503	103,107,944
Advance received from clients	–	28,627,103
Other liabilities	41,416,589	23,561,276
Deposits	35,640,000	6,435,990
Interest accrued but not due on loan	–	8,444,867
Investor Education and Protection Fund (shall be credited by following amount as and when due)		
Unpaid dividend*	592,751	425,443
	<b>187,696,843</b>	<b>170,602,623</b>
* There are no dues which needs to be credited into Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as of March 31, 2010.		
<b>Provisions</b>		
For income tax	617,400,000	367,400,000
For fringe benefit tax	14,630,389	14,630,389
For wealth tax	485,586	375,086
For retirement benefits	4,648,243	3,298,435
For proposed dividend	39,600,000	23,100,000
For dividend tax	6,730,020	3,925,845
	<b>683,494,238</b>	<b>412,729,755</b>
	<b>871,191,081</b>	<b>583,332,378</b>



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>SCHEDULE - J</b>		
<b>INVESTMENT INCOME</b>		
Profit on sale of current investments (net) - non trade	776,142,312	449,293,922
Interest income on current investments - non trade (Tax deducted at source ₹ 2,169,431 ; previous year ₹ 4,524,478)	23,516,956	48,501,399
Dividend income on current investments - non trade	3,778,280	3,918,947
	<b>803,437,548</b>	<b>501,714,268</b>
<b>SCHEDULE - K</b>		
<b>OTHER INCOME</b>		
Rent income	8,881,668	11,348,798
Other income	17,694,061	178,463
	<b>26,575,729</b>	<b>11,527,261</b>
<b>SCHEDULE - L</b>		
<b>PERSONNEL COST</b>		
Salaries, bonus and allowances	123,790,008	95,977,038
Contribution to provident and other funds	44,856	44,790
Staff welfare expenses	4,440,501	5,223,360
	<b>128,275,365</b>	<b>101,245,188</b>
<b>SCHEDULE - M</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Traveling and conveyance expenses	16,066,272	15,144,633
Rent	78,956,350	73,733,618
Rates and taxes	830,609	2,419,329
Electricity charges	3,605,317	3,847,969
Auditor's remuneration	183,100	219,500
Communication charges	3,624,831	4,239,479
Books and subscription charges	922,074	871,918
Printing and stationary	7,687,291	7,665,985
Conference and AGM expenses	1,364,183	269,323
Legal and professional fees	74,011,619	71,843,985
Bank charges and processing fees	1,405,887	5,844,954
Repairs and maintenance		
- Building	8,558,178	4,816,273
- Others	3,294,485	3,248,514
Loss on sale of fixed assets (net)	511,572	1,172,637
Provision for diminution on current investment	2,397,185	12,325
Service tax and securities transaction tax	9,036,618	1,264,874
Directors sitting fees	210,000	230,000
Deposits / bad debts written-off	23,874,741	8,961,356
Donation	-	220,250
Software charges	122,728	674,115
Advertisement	16,351,197	10,934,781
Business promotion	22,784,387	23,353,723
Brokerage paid	-	5,619,300
Incentive	15,519,364	7,659,838
Sub arranger fees	234,000,000	219,940,000
Miscellaneous expenses	1,874,586	1,163,444
	<b>527,192,574</b>	<b>475,372,123</b>
<b>SCHEDULE - N</b>		
<b>INTEREST EXPENSES</b>		
On fixed loans	22,364,188	19,825,535
On others	94,457,467	117,063,952
	<b>116,821,655</b>	<b>136,889,487</b>



## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### 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:

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

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

###### 6. Revenue recognition:

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

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:

a) Defined contribution plans

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

b) Defined benefit plans

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

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

c) Employee leave entitlement

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

###### 9. Accounting for taxes on income:

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

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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

### 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. a) 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
- b) Vehicle loans are secured by hypothecation of vehicles purchased against the said loan.
2. Quantitative details of investments purchased and sold during the year:

Sr. No.	Particulars	Current Year		Previous Year	
		Quantity Numbers	Amount ₹	Quantity Numbers	Amount ₹
1.	Liquid Fund Units	326,159,276	4,515,500,000	2,348,506,497	31,196,900,000
2.	Bonds	580,395	55,203,735,037	48,700	36,346,646,363
3.	Equity Shares	22,378,117	3,607,743,761	–	–

### 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 31.03.2010 ₹	As at 31.03.2009 ₹
Not later than one year	–	45,173,700

The amount of lease payments with respect to the above lease recognised in the profit and loss account for the year is ₹ 60,231,600 (previous year ₹ 15,057,900)



## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### 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 31.03.2010 ₹	As at 31.03.2009 ₹
Gross block	343,500,152	343,500,152
Accumulated depreciation	9,909,555	4,310,503
Depreciation recognized in the profit and loss account for the year	5,599,052	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 31.03.2010 ₹	As at 31.03.2009 ₹
Not later than one year	31,328,710	7,401,390
Later than one year but less than five year	22,131,290	-

4. a) Pursuant to provisions of the Share Subscription and Shareholders' Agreement dated September 11, 2007, the Company has allotted on April 13, 2009, 800,000 equity shares of ₹ 10 each as fully paid up for cash at a premium of ₹ 215 per equity share by converting 800,000 6% Convertible cumulative preference shares (CCPS) of ₹ 225 each to First Rand (Ireland) Public Limited Company, a company incorporated under the laws of Ireland.
- b) The Company has allotted on October 13, 2007, 3,000,000 equity share warrants at ₹ 225 each to the promoter group and others. An amount equivalent to 10% of the subscription amount has been received as application money. Each equity share warrant is convertible into 1 (one) equity share of ₹ 10 each at a premium of ₹ 215 per equity share within a period of 18 months from the date of allotment. The balance amount is payable at the time of conversion of equity share warrants.

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

### 5. Related party disclosure:

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

Subsidiaries	A. K. Stockmart Private Limited (Wholly owned)
	A. K. Capital Corporation Private Limited (Wholly owned)
	A. K. Capital Finance Private Limited (Formerly Known as Girdhar Vanijya Private Limited) (Subsidiary w.e.f. September 4, 2008 )
Enterprise on which key management personnel or their relatives have significant influence	A. K. Services Private Limited
	India Bond Private Limited ( w.e.f. June 23, 2009 )
Key management personnel	Mr. Atul Kumar Mittal
	Mr. Deepak Mittal
Relative of key management personnel	Mrs. Anshu
	Mr. Abhinav Kumar Mittal

#### Notes:

- i. The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.
- ii. The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year except where control exists.

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### b) Transactions with related parties:

Particulars	Current Year ₹	Previous Year ₹
<b>Investments in share capital</b>		
A. K. Stockmart Private Limited	50,000,000	–
A. K. Capital Finance Private Limited ( Formerly Known as Girdhar Vanijya Private Limited )	250,000,000	14,874,000
India Bond Private Limited	8,000	–
<b>Inter corporate deposits given and received back</b>		
A. K. Services Private Limited	–	1,260,194,460
<b>Interest received</b>		
A. K. Services Private Limited	–	13,219,825
<b>Remuneration paid to Directors</b>		
A. K. Mittal	36,550,000	12,450,000
Deepak Mittal	7,649,480	9,237,880
<b>Brokerage paid</b>		
A. K. Stockmart Private Limited	7,231,679	50
<b>Rent paid</b>		
A. K. Mittal	3,490,000	3,469,950
Anshu	3,490,000	3,469,950
Abhinav Kumar Mittal	5,169,600	5,551,377
<b>Rent deposit given outstanding as at year end</b>		
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

### 6. Disclosure under (AS) - 15 (Revised 2005):

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

	Gratuity (Unfunded)	
	Current Year ₹	Previous Year ₹
<b>a) Change in present value of obligation</b>		
Present value of obligation as at beginning of the year	3,298,435	2,812,569
Interest cost	263,875	225,006
Service cost	783,345	633,246
Benefits paid	--	--
Actuarial (gain)/loss on obligation	302,588	(372,386)
Present value of obligation as at year end	4,648,243	3,298,435
<b>b) Amount recognized in the Balance Sheet</b>		
Present value of obligation, as at year end	4,648,243	3,298,435
Fair value of plan assets as at year end	--	--
Net liabilities recognized in the Balance Sheet	4,648,243	3,298,435
<b>c) Expense recognized during the year</b>		
Current service cost	783,345	633,246
Interest cost	263,875	225,006
Expected return on plan assets	--	--
Net Actuarial (gain)/loss to be recognized	302,588	(372,386)
Net periodic cost	1,349,808	485,866
<b>d) Assumptions used in accounting for the gratuity plan</b>	<b>% (p.a.)</b>	<b>% (p.a.)</b>
Mortality rate	LIC (1994-96)	LIC (1994-96)
Discount rate	8.00	8.00
Salary escalation rate	5.00	5.00
Expected rate of return on plan assets	--	--

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



## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>Deferred tax liability on account of</b> Depreciation	20,269,138	11,258,362
<b>Less: Deferred tax assets</b>		
Gratuity	1,544,146	1,121,138
Diminution in the value of current investments	397,841	-
<b>Deferred tax liability (net)</b>	<b>18,327,151</b>	<b>10,137,224</b>

8. **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.

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

Particulars	Current Year	Previous Year
Net profit after tax available for equity share holder (₹)	542,560,001	375,947,295
Weighted average number of equity shares outstanding at the year end (Number)	6,573,699	5,800,000
Basic earnings per share (₹)	82.53	64.82
Weighted average number of equity shares to be issued against convertible cumulative preference shares and convertible equity share warrants	-	3,800,000
Weighted average number of diluted equity shares (Number)	6,573,699	9,600,000
Diluted earnings per share (₹)	82.53	39.16
Nominal value of share (₹)	10	10

10. a) Prior year expenses comprises of :

Particulars	Current Year ₹	Previous Year ₹
<b>Prior period income</b>		
Depreciation [Refer note (b) below]	2,466,590	-
<b>Total (A)</b>	<b>2,466,590</b>	<b>-</b>
<b>Prior period expense</b>		
Interest expense	270,583	-
<b>Total (B)</b>	<b>270,583</b>	<b>-</b>
<b>Net prior period income</b>	<b>(A) - (B)</b>	<b>-</b>

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

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

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

Particulars	Current Year ₹	Previous Year ₹
Traveling expenses	1,480,950	1,205,710
Business promotion expenses	470,912	934,744
	<b>1,951,862</b>	<b>2,140,454</b>

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### 13. Directors remuneration:

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

Particulars	Current Year ₹	Previous Year ₹
Salaries, bonus and allowances	44,199,480	21,687,880
Perquisites	980,000	1,860,000
	<b>45,179,480</b>	<b>23,547,880</b>

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.

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

### 15. Auditor's remuneration:

Particulars	Current Year ₹	Previous Year ₹
Audit fees	111,000	111,000
Tax audit fees	24,000	24,000
Certification fees	48,100	84,500
	<b>183,100</b>	<b>219,500</b>

16. 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.

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

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

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

### Signatures to schedules 'A' to 'O'

As per our report of even date attached

For Suresh Surana & Associates  
Chartered Accountants

Ramesh Gupta  
Partner  
Membership No. 102306

Place : Mumbai  
Date : August 4, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Managing Director

Niki Shingade  
Company Secretary

Place : Mumbai  
Date : August 4, 2010

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, 2010
State Code	:	55

#### II. Capital raised during the year

	:	<b>(Amount in ₹ Thousands)</b>
Public issue	:	–
Rights issue	:	–
Bonus issue	:	–
Private placement (Refer note 4(a) of Schedule 'O')	:	–

#### III. Position of mobilisation and deployment of funds

	:	<b>(Amount in ₹ Thousands)</b>
Total liabilities	:	2,928,581
Total assets	:	2,928,581

##### Sources of funds

Paid-up capital	:	66,000
Equity share warrants	:	–
Reserves and surplus	:	1,793,119
Secured loans	:	179,944
Unsecured loans	:	–
Deferred tax liability(net)	:	18,327

##### Application of funds

Net fixed assets (including capital work-in-progress)	:	409,381
Investments	:	1,601,064
Net current assets	:	46,945
Miscellaneous expenditure	:	–
Accumulated losses	:	–

#### IV. Performance of Company

	:	<b>(Amount in ₹ Thousands)</b>
Turnover / Income	:	1,587,371
Total expenditure	:	787,330
Profit before tax	:	800,041
Profit after tax	:	542,560
Basic earnings per share in ₹ (Face value ₹ 10 per share)	:	82.53
Diluted earnings per share in ₹ (Face value ₹ 10 per share)	:	82.53
Dividend rate (%)	:	60

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

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



## AUDITORS' REPORT

To,  
The Board of Directors of  
A. K. CAPITAL SERVICES LIMITED

1. We have audited the attached consolidated balance sheet of A. K. Capital Services Limited and its subsidiaries (the 'Group') as at March 31, 2010, 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 A. K. Capital Finance Private Limited (Formerly; Girdhar Vanijya Private Limited), whose financial statements reflect total assets of ₹ 465,888,684 as at March 31, 2010, total revenue of ₹ 54,190,054 and net cash inflows amounting to ₹ 22,674,319 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 'Q', give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010;
  - 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  
Firm Regn. No. : 121750W

Place : Mumbai  
Date : August 4, 2010



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	A	66,000,000	238,000,000
Equity share warrants		–	67,500,000
Reserves and surplus	B	1,822,601,817	1,065,967,717
		<u>1,888,601,817</u>	<u>1,371,467,717</u>
<b>Minority Interest</b>		6,514,869	7,748,326
<b>Loan funds</b>			
Secured loans	C	179,943,804	210,065,336
<b>Deferred tax liabilities (net)</b>		18,463,433	10,187,437
<b>TOTAL FUNDS EMPLOYED</b>		<u><b>2,093,523,923</b></u>	<u><b>1,599,468,816</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	D	462,557,476	448,705,280
Less : Depreciation		49,445,561	36,177,281
Net block		<u>413,111,915</u>	<u>412,527,999</u>
<b>Goodwill on consolidation</b>		–	609,393
<b>Investments</b>	E	1,276,680,421	992,137,778
<b>Current assets, loans and advances</b>			
Inventories		261,794,935	–
Sundry debtors	F	76,323,296	40,444,471
Cash and bank balances	G	117,605,378	122,642,594
Loans and advances	H	842,562,481	641,625,031
		<u>1,298,286,090</u>	<u>804,712,096</u>
<b>Less : Current liabilities and provisions</b>	I		
Current liabilities		193,058,210	190,096,577
Provisions		701,496,293	420,421,873
		<u>894,554,503</u>	<u>610,518,450</u>
<b>Net current assets</b>		<u>403,731,587</u>	<u>194,193,646</u>
<b>Miscellaneous expenditure</b>	J	–	–
<b>TOTAL FUNDS UTILISED</b>		<u><b>2,093,523,923</b></u>	<u><b>1,599,468,816</b></u>
Significant accounting policies and notes to accounts	Q		

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

As per our report of even date attached

For Suresh Surana & Associates  
Chartered Accountants

Ramesh Gupta  
Partner  
Membership No. 102306

Place : Mumbai  
Date : August 4, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Managing Director

Niki Shingade  
Company Secretary

Place : Mumbai  
Date : August 4, 2010

Anshu  
Director

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Current Year ₹	Previous Year ₹
<b>INCOME</b>			
Merchant banking fees		757,236,994	786,924,875
Brokerage and fees income		26,242,354	4,724,847
Investment income	K	814,494,970	524,564,418
Income from trading in securities	L	16,306,518	-
Other income	M	28,572,662	27,202,707
		<b>1,642,853,498</b>	<b>1,343,416,847</b>
<b>EXPENDITURE</b>			
Personnel cost	N	139,815,794	109,709,240
Administrative, selling and other expenses	O	540,036,296	480,486,740
Interest expenses	P	116,856,972	136,889,487
Depreciation / amortisation		16,234,814	17,180,468
Miscellaneous expenditure written off		-	32,820
		<b>812,943,876</b>	<b>744,298,755</b>
		<b>829,909,622</b>	<b>599,118,092</b>
<b>Profit before tax</b>			
Less : Provision for taxation			
- current tax		260,725,000	198,892,000
- deferred tax		7,456,595	9,162,311
- fringe benefit tax		-	4,743,500
- wealth tax		110,500	116,000
		<b>268,292,095</b>	<b>212,913,811</b>
<b>Profit after tax and before prior year adjustments and minority interest</b>		<b>561,617,527</b>	<b>386,204,281</b>
Prior year tax adjustments		(154,077)	(196,259)
Deferred tax relating to earlier years		(819,401)	-
Prior period income / (expenses) - net (Refer note 11 of Schedule "O")		2,196,007	(242,896)
		<b>562,840,056</b>	<b>385,765,126</b>
<b>Profit after tax, before minority interest</b>			
Share of minority interest		(261,991)	(1,873,716)
Adjustment on account of further investment in subsidiary company		(1,646,022)	-
Balance brought forward from previous year		640,966,203	335,013,192
		<b>1,201,898,246</b>	<b>718,904,602</b>
<b>PROPRIATIONS</b>			
Amount transferred to general reserve		60,000,000	50,000,000
Amount transferred to statutory reserve u/s. 45-IC of RBI Act, 1934		2,442,554	912,554
Proposed dividend on equity shares		39,600,000	23,100,000
Dividend tax thereon		6,730,020	3,925,845
Surplus carried to balance sheet		1,093,125,672	640,966,203
		<b>1,201,898,246</b>	<b>718,904,602</b>
Basic earnings per share		85.39	66.26
Diluted earnings per share		85.39	40.03
Nominal value of equity shares		10	10
Significant accounting policies and notes to accounts	Q		

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

As per our report of even date attached

For Suresh Surana & Associates  
Chartered Accountants

Ramesh Gupta  
Partner  
Membership No. 102306

Place : Mumbai  
Date : August 4, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Managing Director

Niki Shingade  
Company Secretary

Place : Mumbai  
Date : August 4, 2010

Anshu  
Director



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	829,909,622	599,118,092
Adjustments for		
Depreciation	16,234,814	17,180,468
Miscellaneous expenditure written off	-	32,820
Loss/(profit) on sale of fixed assets	511,572	1,172,637
Interest income on current investments	(25,064,972)	(48,501,399)
Interest income - others	(1,673,888)	(15,568,214)
Interest expenses	116,856,972	136,889,487
Profit on sale of current investments (net)	(783,751,936)	(471,729,727)
Dividend income on current investments	(5,678,062)	(4,333,292)
Deposits / bad debts written-off	23,943,657	9,473,544
Provision for diminution on current investment	2,448,685	12,325
Prior period income / (expenses) - net	2,196,007	(242,896)
Balances written back	(473,674)	(120,363)
<b>Operating profit before working capital adjustments</b>	<b>175,458,797</b>	<b>223,383,482</b>
Adjustments for		
Trade and other receivables	(329,495,759)	227,255,927
Trade payable and other trade liabilities	13,343,188	117,415,435
<b>Cash generated from operations</b>	<b>(140,693,774)</b>	<b>568,054,844</b>
Direct taxes paid	(291,262,487)	(235,701,020)
<b>Net cash generated from operating activities</b>	<b>(431,956,261)</b>	<b>332,353,824</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work in progress)	(17,730,302)	(372,883,100)
Sale of fixed assets	400,000	2,601,000
Acquisition of subsidiary (net of cash acquired)	-	(13,412,430)
(Purchase) / sale of investments (net)	496,760,608	1,053,743,918
Advance for investments	92,225,000	(31,525,000)
Dividend income on current investments	5,678,062	4,333,292
Interest income on current investments	30,361,005	37,513,637
(Investment)/ withdrawal from fixed deposits	(10,017,562)	10,700,000
<b>Net cash generated from/ (used in) investing activities</b>	<b>597,676,811</b>	<b>691,071,317</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share application money received/ (refunded)	-	(1,000,000)
Proceeds / (repayment) of borrowings (net)	(30,121,532)	(806,019,333)
Interest received	1,673,888	15,568,214
Interest paid	(125,301,839)	(130,185,041)
Preliminary expenses incurred	-	-
Dividend paid	(23,100,000)	(25,345,902)
Dividend distribution tax paid	(3,925,845)	(4,307,536)
<b>Net cash generated from/(used in) financing activities</b>	<b>(180,775,328)</b>	<b>(951,289,598)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<b>(15,054,778)</b>	<b>72,135,543</b>
Cash and cash equivalents at the beginning of the year	111,642,594	39,507,051
Cash and cash equivalents at the end of the year	<b>96,587,816</b>	<b>111,642,594</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	812,533	1,614,738
Balances with banks in current accounts	95,180,205	109,600,194
Balances with banks in unpaid dividend accounts	595,078	427,662
	<b>96,587,816</b>	<b>111,642,594</b>

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

As per our report of even date attached

For Suresh Surana & Associates  
Chartered Accountants

Ramesh Gupta  
Partner  
Membership No. 102306

Place : Mumbai  
Date : August 4, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Managing Director

Niki Shingade  
Company Secretary

Place : Mumbai  
Date : August 4, 2010

Anshu  
Director

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
33,000,000 (Previous year 15,000,000) Equity shares of ₹ 10 each	330,000,000	150,000,000
200,000 (Previous year 200,000) Redeemable cumulative preference shares of ₹ 100 each	20,000,000	20,000,000
Nil (Previous year 800,000) Convertible cumulative preference shares of ₹ 225 each	–	180,000,000
	<b>350,000,000</b>	<b>350,000,000</b>
<b>Issued, subscribed and paid up</b>		
6,600,000 (Previous year 5,800,000) Equity shares of ₹ 10 each fully paid up *	66,000,000	58,000,000
Nil (Previous year 800,000) 6% Convertible cumulative preference shares of ₹ 225 each fully paid up*	–	180,000,000
	<b>66,000,000</b>	<b>238,000,000</b>
*Refer note B - 5(a) of Schedule "O"		
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Statutory reserve</b>		
As per last balance sheet	912,554	–
Transferred from profit and loss account	2,442,554	912,554
	3,355,108	912,554
<b>General reserve</b>		
As per last balance sheet	252,088,960	202,088,960
Transferred from profit and loss account	60,000,000	50,000,000
	312,088,960	252,088,960
<b>Capital Reserve</b>		
As per last balance sheet	–	–
Add: Received during the year (Refer note 5(b) of Schedule "O")	67,500,000	–
	67,500,000	–
<b>Capital Reserve on consolidation</b>		
	2,532,077	–
<b>Securities premium</b>		
As per last balance sheet	172,000,000	172,000,000
Add: Received during the year	172,000,000	–
	344,000,000	172,000,000
<b>Profit and loss account</b>		
	1,093,125,672	640,966,203
	<b>1,822,601,817</b>	<b>1,065,967,717</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
Term loan from a bank* (Repayable within one year ₹ 31,428,564; previous year ₹ 31,428,564)	169,300,984	205,322,204
Vehicle loans from a bank* (Repayable within one year ₹ 744,969; previous year ₹ 2,792,105)	10,642,820	4,743,132
	<b>179,943,804</b>	<b>210,065,336</b>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

### SCHEDULE - D

#### FIXED ASSETS

(Amount in ₹)

ASSET DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2009	Additions during the year	Sales / Adjustments	As at 31.03.2010	Up to 31.03.2009	For the year	Sales / Adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold improvements	14,971,303	-	-	14,971,303	11,477,340	3,414,379	-	14,891,719	79,584	3,493,963
Office buildings (Refer note 1 below)	365,630,406	1,055,835	-	366,686,241	6,508,290	5,971,375	-	12,479,665	354,206,576	359,122,116
Machinery	369,060	-	-	369,060	243,939	17,530	-	261,469	107,591	125,121
Computer	11,904,886	824,298	-	12,729,184	8,987,917	1,355,490	* 2,114,681	8,228,726	4,500,458	2,916,969
Office equipment	10,704,915	285,121	-	10,990,036	1,823,619	530,675	* 246,310	2,107,984	8,882,052	8,881,296
Furniture and fixtures	17,503,783	1,199,759	-	18,703,542	1,953,459	1,117,441	* 105,599	2,965,301	15,738,241	15,550,324
Vehicles (Refer note 2 below)	22,773,738	11,898,699	1,411,516	33,260,921	4,940,579	2,212,194	499,944	6,652,829	26,608,092	17,833,159
Software	4,847,189	-	-	4,847,189	242,138	1,615,730	-	1,857,868	2,989,321	4,605,051
<b>Total</b>	<b>448,705,280</b>	<b>15,263,712</b>	<b>1,411,516</b>	<b>462,557,476</b>	<b>36,177,281</b>	<b>16,234,814</b>	<b>2,966,534</b>	<b>49,445,561</b>	<b>413,111,915</b>	<b>412,527,999</b>
Previous year	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	

Notes:

- Office buildings includes premises on leasehold land having net block of ₹ 333,590,597 (as at 31.03.2009 ₹ 339,189,649).
- Vehicles includes vehicles hypothecated against loan taken having net block of ₹ 17,084,647 (as at 31.03.2009 ₹ 10,335,931).

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

### SCHEDULE - E INVESTMENTS

#### Non trade, Quoted (fully paid up) – Current

##### Equity shares

	Face Value ₹	As at 31.03.2010		As at 31.03.2009	
		Numbers	₹	Numbers	₹
Shamken Spinners Limited	10	8,500	9,010	8,500	9,180
ABG Shipyard Limited	10	453,697	113,310,937	-	-
Era Infra Engineering Limited	2	10	1,970	-	-
Dewan Housing Finance Corp Limited	10	164,612	29,469,555	-	-
Hindustan Construction Co. Ltd.	1	185,976	24,537,802	-	-
IRB Infrastructure Development Limited	10	112,389	28,296,811	-	-
Jaiprakash Associates Limited	2	209,359	28,357,991	-	-
Lanco Infratech Limited	1	170,000	7,785,130	-	-
Mercator Lines Limited	1	191,198	10,598,296	-	-
Orbit Corporation Limited	10	45,504	12,117,218	-	-
Indiabulls Real Estate Limited	2	5,000	761,738	-	-

##### Bonds

10.25% Shriram Transport Finance Company Limited 2015	100,000	2	191,740	-	-
10.25% Shriram Transport Finance Company Limited 2015	100,000	132	12,417,240	-	-
10.80% The Lakshmi Vilas Bank 2015	1,000,000	11	11,127,600	-	-
11% Shriram Transport Finance Company Limited	1,000	830	830,000	-	-
11.50% Magma Fincorp Limited 2015	1,000,000	40	40,000,000	-	-
8.64% Tamilnadu Electricity Board 2020	1,000,000	86	86,000,000	-	-
8.65% Industrial Development Bank of India Limited 2025	1,000,000	2	2,007,600	-	-
8.90% Punjab National Bank	1,000,000	1	989,442	-	-
8.92% UCO Bank 2020	1,000,000	7	6,980,358	-	-
8.95% Damodar Valley Corporation 2017	1,000,000	190	19,000,000	-	-
9.19% Great Eastern Shipping Company Limited 2018	1,000,000	5	4,995,000	-	-
9.25% Industrial Development Bank of India Limited 2014	1,000,000	4	3,972,080	-	-

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE - E (contd.)	Face Value ₹	As at 31.03.2010		As at 31.03.2009	
		Numbers	₹	Numbers	₹
9.50% Delhi Transco Limited 2016	100,000	21	2,100,000	-	-
9.50% Delhi Transco Limited 2017	100,000	11	1,100,000	-	-
9.50% Delhi Transco Limited 2018	100,000	150	15,000,000	-	-
9.50% Delhi Transco Limited 2019	100,000	230	23,000,000	-	-
9.50% Delhi Transco Limited 2020	100,000	230	23,000,000	-	-
9.50% Delhi Transco Limited 2021	100,000	250	25,000,000	-	-
9.50% Delhi Transco Limited 2024	100,000	230	23,000,000	-	-
9.50% Delhi Transco Limited 2025	100,000	230	23,000,000	-	-
9.95% State Bank of Hyderabad	1,000,000	-	-	100	103,540,000
10% Indusind Bank 2012	1,000,000	-	-	3	3,000,789
10.50% Indusind Bank Ltd 2014	1,000,000	-	-	219	219,000,000
11% Andhra Bank 2018	1,000,000	-	-	1	1,001,940
12.60% Shriram Transport Finance Company Limited 2014	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% Tourism Finance Corporation of India Limited 2019	1,000,000	-	-	95	95,000,000
9.75% Punjab National Bank	1,000,000	-	-	100	100,924,410
			578,957,518		738,992,369
<b>Non trade, Unquoted (fully paid up) – Current</b>					
Birla Sun Life Saving Fund – Retail –Daily Dividend Reinvestment	10	4,596,427	45,978,056	-	-
LICMF Liquid Fund – Dividend Plan	10	4,098,643	45,003,513	-	-
Peerless Ultra Short Term Fund – Super Institutional Daily Dividend	10	50,005,612	500,061,125	-	-
ICICI Prudential Liquid Plan–Institutional–Daily Dividend	100	295,398	35,005,209	-	-
LICMF Income Plus Fund – Daily Dividend Plan	10	-	-	10,900,000	109,000,000
LICMF Liquid Plus Fund	10	-	-	2,296,439	22,964,394
LICMF Liquid Fund	10	-	-	4,509,432	49,514,015
			626,047,903		181,478,409
<b>Trade, unquoted – others – long term</b>					
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 Private Limited	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
Equity Shares of India Bond Private Limied	10	800	8,000	-	-
<b>Non trade, unquoted – others – long term</b>					
Units of Urban Infrastructure Opportunities Fund	100,000	500	70,500,000	500	70,500,000
			71,675,000		71,667,000
<b>TOTAL</b>			<b>1,276,680,421</b>		<b>992,137,778</b>
<b>Aggregate value of quoted investments</b>					
Equity			255,246,458		9,180
Bond			323,711,060		738,983,189
Aggregate value of unquoted investments			697,722,903		253,145,409
<b>Market value of quoted investments</b>					
Equity			264,951,930		9,180
Bond*			323,711,060		738,983,189

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

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010**

	<b>As at 31.03.2010 ₹</b>	<b>As at 31.03.2009 ₹</b>
<b>SCHEDULE - F</b>		
<b>SUNDRY DEBTORS (Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months	214,151	219,960
Other debts	76,109,145	40,224,511
	<b>76,323,296</b>	<b>40,444,471</b>
<b>SCHEDULE - G</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	812,533	1,614,738
Balances with scheduled banks:		
- in current accounts	95,180,205	109,600,194
- in fixed deposit accounts*	21,017,562	11,000,000
- in unpaid dividend accounts	595,078	427,662
	<b>117,605,378</b>	<b>122,642,594</b>
* Refer note B-15 of Schedule "O"		
<b>SCHEDULE - H</b>		
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	20,806,923	10,622,901
Deposits	92,292,409	99,894,122
Advance against investments	69,300,000	161,525,000
Advance tax and tax deducted at source (including fringe benefit tax paid ₹ 15,168,018; previous year ₹15,168,018)	660,163,149	369,583,008
	<b>842,562,481</b>	<b>641,625,031</b>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SCHEDULE - I</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current liabilities</b>		
Sundry creditors		
(a) total outstanding dues of micro and small enterprises	–	–
(b) total outstanding dues of creditors other than micro, and small enterprises	115,193,420	122,553,533
Advance received from clients	–	28,627,103
Other liabilities	41,632,039	23,609,641
Deposits	35,640,000	6,435,990
Interest accrued but not due on loan	–	8,444,867
Investor Education and Protection Fund (shall be credited by following amount as and when due):	–	–
Unpaid dividend*	592,751	425,443
	<b>193,058,210</b>	<b>190,096,577</b>
* There are no dues which needs to be credited into Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as of March 31, 2010.		
<b>Provisions</b>		
For income tax	634,826,159	374,628,867
For fringe benefit tax	14,855,889	14,856,450
For wealth tax	485,586	375,086
For retirement benefits	4,998,639	3,535,625
For proposed dividend	39,600,000	23,100,000
For dividend tax	6,730,020	3,925,845
	<b>701,496,293</b>	<b>420,421,873</b>
	<b>894,554,503</b>	<b>610,518,450</b>
<b>SCHEDULE - J</b>		
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
<b>Preliminary expenses:</b>		
Opening balance	–	–
Add- Incurred during the year	–	–
Add- on acquisition	–	32,820
Less- Written off during the year	–	32,820
	–	–



## SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>SCHEDULE - K</b>		
<b>INVESTMENT INCOME</b>		
Profit on sale of current investments (net)	783,751,936	471,729,727
Interest income on current investments (Tax deducted at source ₹ 2,188,952 ; previous year ₹ 4,524,478)	25,064,972	48,501,399
Dividend income on current investments	5,678,062	4,333,292
	<b>814,494,970</b>	<b>524,564,418</b>
<b>SCHEDULE - L</b>		
<b>INCOME FROM TRADING IN SECURITIES</b>		
Sale of securities	470,460,903	-
Inventory	261,794,935	-
	732,255,838	-
Less : Purchase of securities	715,949,320	-
	<b>16,306,518</b>	<b>-</b>
<b>SCHEDULE - M</b>		
<b>OTHER INCOME</b>		
Interest income (Tax deducted at source ₹ 156,920 ; previous year ₹ 3,472,715)	1,673,888	15,568,214
Rent income	8,881,668	11,348,798
Other income	18,017,106	285,695
	<b>28,572,662</b>	<b>27,202,707</b>
<b>SCHEDULE - N</b>		
<b>PERSONNEL COST</b>		
Salaries, bonus and allowances	135,305,705	104,437,312
Contribution to provident and other funds	44,856	44,790
Staff welfare expenses	4,465,233	5,227,138
	<b>139,815,794</b>	<b>109,709,240</b>

## SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>SCHEDULE - O</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Traveling and conveyance	16,347,759	15,411,025
Rent	78,956,350	73,733,618
Rates and taxes	1,721,603	2,520,770
Electricity charges	3,605,317	3,847,969
Auditor's remuneration	219,565	243,515
Communication charges	4,183,524	4,853,302
Books and subscription charges	1,037,005	987,072
Printing and stationary	7,835,039	7,804,381
Conference and AGM expenses	1,364,183	269,323
Legal and professional fees	79,536,581	72,133,137
Bank charges and processing fees	1,597,871	5,964,037
Repairs and maintenance	–	2,445
– Building	8,558,178	4,816,273
– Others	3,521,994	3,686,952
Loss on sale of fixed assets (net)	511,572	1,172,637
Provision for diminution on current investments	2,448,685	12,325
Service tax and securities transaction tax	9,723,785	1,733,873
Directors sitting fees	210,000	230,000
Deposits / bad debts written-off	23,943,657	9,473,544
Donation	–	220,250
Software charges	949,889	1,520,214
Advertisement	16,351,197	10,934,781
Business promotion	23,651,859	24,094,349
Brokerage paid	1,671,293	5,619,300
Incentive	15,519,364	7,659,838
Sub arranger fees	234,000,000	219,940,000
Insurance expenses	–	81,833
Miscellaneous expenses	2,570,026	1,519,977
	<b>540,036,296</b>	<b>480,486,740</b>
<b>SCHEDULE - P</b>		
<b>INTEREST EXPENSES</b>		
On fixed loans	22,364,188	19,825,535
On others	94,492,784	117,063,952
	<b>116,856,972</b>	<b>136,889,487</b>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### SCHEDULE - 'Q'

#### 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:

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

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

###### 6. Inventory:

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

###### 7. 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.

###### 8. Transaction in foreign currencies:

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

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### 9. Retirement benefits:

#### a) Defined contribution plans

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

#### b) Defined benefit plans

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

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

#### c) Employee leave entitlement

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

### 10. Accounting for taxes on income:

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

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

### 11. Lease:

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

### 12. Borrowing costs:

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

### 13. Impairment of assets:

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

### 14. Provisions and contingent liabilities:

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

## B. NOTES TO ACCOUNTS:

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

Name of the Subsidiaries	Country of incorporation	Extent of holding (%)	Reporting currency	Effective date of becoming subsidiary
A. K. Stockmart Private Limited	India	100.00 (100.00)	Indian Rupees	20.02.2006
A. K. Capital Corporation Private Limited	India	100.00 (100.00)	Indian Rupees	29.01.2007
A. K. Capital Finance Private Limited (Formerly Girdhar Vanijya Private Limited)	India	97.74 (70.83)	Indian Rupees	04.09.2008

2. a) 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.

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



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### 3. Contingent Liabilities (not provided for)

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
Income tax demand for the A.Y. 2008-09	201,278	–

The Group has filed an appeal with the Income Tax Commissioner against the said demand.

### 4. Leases

#### a) Where the Company is lessee:

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

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

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
Not later than one year;	–	45,173,700

The amount of lease payments with respect to the above lease recognised in the profit and loss account for the year is ₹ 60,231,600 (previous year ₹ 15,057,900)

#### b) Where the Company is lessor:

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

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
Gross block	343,500,152	343,500,152
Accumulated depreciation	9,909,555	4,310,503
Depreciation recognized in the profit and loss account for the year	5,599,052	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 31.03.2010 ₹	As at 31.03.2009 ₹
Not later than one year	31,328,710	7,401,390
Later than one year but less than five year	22,131,290	–

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

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

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

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

### 6. Related party disclosure:

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

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

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### Notes:

- i. The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.
- ii. The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year except where control exists.

### b) Transactions with related parties:

Particulars	Current Year ₹	Previous Year ₹
<b>Inter corporate deposits given and received back</b>		
A. K. Services Private Limited	--	1,260,194,460
<b>Interest received</b>		
A. K. Services Private Limited	--	13,219,825
<b>Remuneration paid</b>		
Atul Kumar Mittal	36,550,000	12,450,000
Deepak Mittal	7,649,480	9,237,880
<b>Rent paid</b>		
Atul Kumar Mittal	3,490,000	3,469,950
Anshu	3,490,000	3,469,950
Abhinav Kumar Mittal	5,169,600	5,551,377
<b>Rent deposit given outstanding as at year end</b>		
Atul Kumar Mittal	11,450,000	11,450,000
Anshu	7,450,000	7,450,000
Abhinav Kumar Mittal	11,962,000	11,962,000

### 7. Disclosure under (AS) - 15 (Revised 2005):

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

	Gratuity (Unfunded)	
	Current Year ₹	Previous Year ₹
<b>a) Change in present value of obligation</b>		
Present value of obligation as at beginning of the year	3,535,625	2,989,579
Interest cost	282,850	239,167
Service cost	917,197	752,359
Benefits paid	--	--
Actuarial (gain)/loss on obligation	262,967	(445,480)
Present value of obligation as at year end	4,998,639	3,535,625
<b>b) Amount recognized in the Balance Sheet</b>		
Present value of obligation, as at year end	4,998,639	3,535,625
Fair value of plan assets as at year end	--	--
Net liabilities recognized in the Balance Sheet	4,998,639	3,535,625
<b>c) Expense recognized during the year</b>		
Current service cost	917,197	752,359
Interest cost	282,850	239,167
Expected return on plan assets	--	--
Net Actuarial (gain)/loss to be recognized	262,967	(445,480)
Net periodic cost	1,463,014	546,046
<b>d) Assumptions used in accounting for the gratuity plan</b>	<b>% (p.a.)</b>	<b>% (p.a.)</b>
Mortality rate	LIC (1994-96)	LIC (1994-96)
Discount rate	8.00	8.00
Salary escalation rate	5.00	5.00
Expected rate of return on plan assets	--	--



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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.

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

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>Deferred tax liability on account of</b>		
Depreciation	21,086,393	11,974,467
<b>Less: Deferred tax assets</b>		
Gratuity	1,663,246	1,201,759
Preliminary expenses	402,231	585,271
Short Term Capital Loss	150,890	–
Diminution in the value of current investments	406,593	–
<b>Deferred tax liability (net)</b>	<b>18,463,433</b>	<b>10,187,437</b>

9. **Segment information:**

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

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

Particulars	Current Year	Previous Year
Net profit after tax after adjusting minority interest	561,355,536	384,330,565
Weighted average number of equity shares outstanding at the year end (Number)	6,573,699	5,800,000
Basic earnings per share (₹)	85.39	66.26
Weighted average number of equity shares to be issued against convertible cumulative preference shares and convertible equity share warrants	–	3,800,000
Weighted average number of diluted equity shares (Number)	6,573,699	9,600,000
Diluted earnings per share (₹)	85.39	40.03
Nominal value of share (₹)	10	10

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

Particulars	Current Year ₹	Previous Year ₹
<b>Prior period income</b>		
Depreciation [Refer note (b) below]	2,466,590	–
<b>Total (A)</b>	<b>2,466,590</b>	<b>–</b>
<b>Prior period expenses</b>		
Interest expense	270,583	–
Gratuity	–	177,010
Securities Transaction Tax	–	65,886
<b>Total (B)</b>	<b>270,583</b>	<b>242,896</b>
<b>Net prior period income (A) - (B)</b>	<b>2,196,007</b>	<b>(242,896)</b>

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



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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

13. a) Directors remuneration:

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

Particulars	Current Year ₹	Previous Year ₹
Salaries, bonus and allowances	44,199,480	21,687,880
Perquisites	980,000	1,860,000
	<b>45,179,480</b>	<b>23,547,880</b>

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.

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

15. The Group has pledged fixed deposits to the extent of ₹ 21,015,000 with banks for bank guarantees/overdraft facilities and as margin with stock exchanges.

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

### Signatures to schedules 'A' to 'Q'

As per our report of even date attached

For Suresh Surana & Associates  
Chartered Accountants

Ramesh Gupta  
Partner  
Membership No. 102306

Place : Mumbai  
Date : August 4, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Managing Director

Niki Shingade  
Company Secretary

Place : Mumbai  
Date : August 4, 2010

Anshu  
Director

**FINANCIAL STATEMENTS OF SUBSIDIARIES**

## DIRECTORS' REPORT

To  
The Members,  
A. K. Stockmart Private Limited

Your Directors have pleasure in presenting the 5th Annual Report with the Audited Accounts for the financial year ended March 31, 2010.

### FINANCIAL HIGHLIGHTS

Particulars	Current Year ₹	Previous Year ₹
Income	35,697,923	17,345,898
Profit before tax	11,343,866	3,821,301
Provision for tax	4,097,979	1,371,243
Profit after tax	7,245,887	2,450,058
Balance brought forward from last year	3,019,601	746,193
Surplus carried to balance sheet	10,265,488	3,019,601

### FUTURE BUSINESS PLAN

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

### DIVIDEND

The Directors did not recommend any dividend for the financial year ended March 31, 2010.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. S. C. Madan, Director of the company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### 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. That in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
2. That the Directors 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 at the end of the financial year and of the profit or loss of the Company for the year under review.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the annual accounts on a going concern basis.

### AUDITOR AND AUDITORS REPORT

M/s Kamal Kumar Jain & Co., Chartered Accountants, Statutory Auditors of your Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

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 & outgo during the financial year ended March 31, 2010.

### **DEPOSITS**

During the financial year ended March 31, 2010, the Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, and the rules thereunder.

### **PERSONNEL**

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

### **ACKNOWLEDGEMENT**

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

On Behalf of the Board of Directors

Anshu  
Chairperson

Place: Mumbai  
Date : June 25, 2010

## AUDITORS' REPORT

To  
The Shareholders,  
A. K. Stockmart Private Limited

We have audited the attached Balance Sheet of the above company, as at March 31, 2010 and Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

1. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of audit.
2. In our opinion, proper books of accounts as required by law, have been kept by the company, so far as it appears from our examination of such books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance Sheet, 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 March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as Director of the Company under Section 274(1)(g) of The Companies Act, 1956.
6. In our opinion and to the best of our information and according to explanations given to us, the said account read with notes thereon give the information required by The Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010.
  - ii. In the case of Profit & Loss Account, of profit of the Company for the year ended on that date.
  - iii. In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For Kamal Kumar Jain & Co.  
Chartered Accountants  
Firm Registration No. 014570N

K. K. Jain  
Proprietor  
Membership No. 87379

Place : New Delhi  
Date : June 25, 2010

## 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 of during the year so as to affect the going concern status of 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 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 explanation 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 & 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 explanation given to us, the Company is regular in depositing undisputed statutory dues including Income Tax with the appropriate authorities. Employees State Insurance Act and Employees Provident Fund Act are not applicable to the Company. No undisputed amount in respect of above statutory dues remained outstanding for six month or more at the end of the year.
  - b) In our opinion and according to the information and explanation given to us, no disputed amounts were pending with the Company at the end of the year in respect of statutory dues.
10. 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.
11. Not applicable, as the Company does not have any outstanding loan/debentures.
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. During the year under audit , the Company has made preferential allotment of equity shares to parties covered in the register maintained under section 301 of the Act at price which is not prejudicial to the interest of the Company
19. 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. According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.

For Kamal Kumar Jain & Co.  
Chartered Accountants  
Firm Registration No. 014570N

K. K. Jain  
Proprietor  
Membership No. 87379

Place : New Delhi  
Date : June 25, 2010

## BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	A	120,000,000	70,000,000
Reserve and Surplus	B	10,265,488	3,019,601
		<u>130,265,488</u>	<u>73,019,601</u>
<b>Deferred Tax Liability</b>		198,613	125,634
		<b><u>130,464,101</u></b>	<b><u>73,145,235</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	C	5,718,059	5,312,799
Less: Depreciation		1,987,497	792,971
Net Block		<u>3,730,562</u>	<u>4,519,828</u>
<b>Investments</b>	D	35,767,709	27,509,955
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	E	31,500,879	10,960,591
Cash & Bank Balance	F	37,414,615	17,676,944
Loans & Advances	G	34,016,766	34,461,131
		<u>102,932,260</u>	<u>63,098,666</u>
<b>Less: Current Liabilities and Provisions</b>	H		
Current Liabilities		4,816,034	18,970,439
Provisions		7,150,396	3,012,775
		<u>11,966,430</u>	<u>21,983,214</u>
<b>Net Current Assets</b>		<b><u>90,965,830</u></b>	<b><u>41,115,452</u></b>
		<b><u>130,464,101</u></b>	<b><u>73,145,235</u></b>
Statement of Significant Accounting Policies and Notes	L		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For Kamal Kumar Jain & Co.  
Chartered Accountants  
Firm Registration No. 014570N

K. K. Jain  
Proprietor  
Membership No. 87379

Anshu  
Chairperson

A. K. Mittal  
Managing Director

Mrunal V. Dixit  
Company Secretary

Place : New Delhi  
Date : June 25, 2010

Place : Mumbai  
Date : June 25, 2010



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Current Year ₹	Previous Year ₹
<b>INCOME</b>			
Brokerage and Fees		33,939,855	3,974,897
Income from Interest and Investment	I	1,435,023	13,263,769
Other Income		323,045	107,232
		<b>35,697,923</b>	<b>17,345,898</b>
<b>EXPENDITURE</b>			
Personnel Cost	J	11,395,697	8,407,774
Selling, Administrative and other expenses	K	11,763,834	4,560,142
Depreciation		1,194,526	556,681
		<b>24,354,057</b>	<b>13,524,597</b>
<b>Profit Before Tax</b>		<b>11,343,866</b>	<b>3,821,301</b>
Less : Provision for Taxation			
Income Tax		4,025,000	752,000
Fringe Benefit Tax		–	91,000
Deferred Tax		72,979	528,243
		<b>4,097,979</b>	<b>1,371,243</b>
<b>Profit After Tax</b>		<b>7,245,887</b>	<b>2,450,058</b>
Prior year expense - Gratuity		–	(177,010)
Prior year tax adjustments		–	360
<b>Profit after tax and prior period items</b>		<b>7,245,887</b>	<b>2,273,408</b>
Add : Balance brought forward from last year		3,019,601	746,193
<b>Surplus carried to Balance Sheet</b>		<b>10,265,488</b>	<b>3,019,601</b>
Statement of Significant Accounting Policies and Notes	L		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For Kamal Kumar Jain & Co.  
Chartered Accountants  
Firm Registration No. 014570N

K. K. Jain  
Proprietor  
Membership No. 87379

Anshu  
Chairperson

A. K. Mittal  
Managing Director

Mrunal V. Dixit  
Company Secretary

Place : New Delhi  
Date : June 25, 2010

Place : Mumbai  
Date : June 25, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extra ordinary items	11,343,866	3,821,301
Adjustment for depreciation	1,194,526	556,681
Interest received	(1,553,250)	(1,610,638)
Dividend received	(709,775)	-
Provision for diminution in value of current investments	51,500	-
Profit/(Loss) on Sales of Investments	828,002	(11,653,131)
<b>Operating profit / (loss) before working capital changes</b>	<b>11,154,869</b>	<b>(8,885,787)</b>
Adjustment for current assets		
i) Receivables	(20,540,288)	(2,170,893)
ii) Current liabilities	(14,041,199)	(1,390,516)
<b>Cash flow from operating activities</b>	<b>(23,426,618)</b>	<b>(12,447,196)</b>
Direct taxes paid	(4,117,101)	(2,044,583)
<b>Net cash from operating activities</b>	<b>(27,543,719)</b>	<b>(14,491,779)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(405,260)	(3,182,229)
Acquisition of investment	(8,309,254)	(15,051,764)
Profit/(Loss) on Sales of Investments	(828,002)	11,653,131
Dividend received	709,775	-
Interest received	1,553,250	1,610,638
Loans & advances given	4,560,881	20,057,403
<b>Net cash used in investment activities</b>	<b>(2,718,610)</b>	<b>15,087,179</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue to share capital	50,000,000	-
<b>Net cash used in financial activities</b>	<b>50,000,000</b>	<b>-</b>
Net Increase/decrease in cash & cash equivalents	19,737,671	595,400
Cash & cash equivalents at the beginning of the year	17,676,944	17,081,544
Cash & cash equivalents at the close of the year	37,414,615	17,676,944

As per our report of even date attached

For Kamal Kumar Jain & Co.  
Chartered Accountants  
Firm Registration No. 014570N

K. K. Jain  
Proprietor  
Membership No. 87379

Place : New Delhi  
Date : June 25, 2010

For and on behalf of the Board of Directors

Anshu  
Chairperson

Mrunal V. Dixit  
Company Secretary

Place : Mumbai  
Date : June 25, 2010

A. K. Mittal  
Managing Director

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

### SCHEDULE - A SHARE CAPITAL

#### Authorised

15,000,000 (Previous year - 10,000,000) Equity Shares of ₹ 10 each

#### Issued, Subscribed and Paid up

12,000,000 (Previous year - 7,000,000) Equity Shares of ₹ 10 each fully paid up

\* Out of the above 12,000,000 (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

### SCHEDULE - C FIXED ASSETS

(Amount in ₹)

Sr. No.	Particular	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Additions	Sales	As at 31.03.2010	As at 01.04.2009	For the Period	Sales	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Computer	2,079,815	379,025	-	2,458,840	498,842	282,087	-	780,929	1,677,911	1,580,973
2	Computer Softwares	2,453,340	-	-	2,453,340	175,642	817,780	-	993,422	1,459,918	2,277,698
3	Printer	31,700	-	-	31,700	7,803	3,874	-	11,677	20,023	23,897
4	Fax Machine	6,750	-	-	6,750	805	420	-	1,225	5,525	5,945
5	UPS System	409,000	-	-	409,000	76,390	53,218	-	129,608	279,392	332,610
6	Telephone Instrument	130,480	-	-	130,480	13,020	8,304	-	21,324	109,156	117,460
7	Furniture and Fixtures	86,714	26,235	-	112,949	7,052	5,843	-	12,895	100,054	79,662
8	Firewall	115,000	-	-	115,000	13,417	23,000	-	36,417	78,583	101,583
	<b>Total</b>	<b>5,312,799</b>	<b>405,260</b>	<b>-</b>	<b>5,718,059</b>	<b>792,971</b>	<b>1,194,526</b>	<b>-</b>	<b>1,987,497</b>	<b>3,730,562</b>	<b>4,519,828</b>
	PREVIOUS YEAR	2,130,570	3,182,229	-	5,312,799	236,290	556,681	-	792,971	4,519,828	1,894,280

### SCHEDULE - D INVESTMENTS

#### Trade, quoted (fully paid up) - Current

Equity Share of Indiabulls Real Estate Limited

#### Non trade, unquoted (fully paid up) - Current

ICICI Prudential Liquid Plan-Institutional-Daily Dividend

LIC Mutual Fund Liquid Fund

#### Aggregate value of quoted investments

Equity

#### Aggregate value of unquoted investments

#### Market value of quoted investments

Equity

	Face Value ₹	As at 31.03.2010		As at 31.03.2009	
		Numbers	₹	Numbers	₹
Equity Share of Indiabulls Real Estate Limited	2.00	5,000	762,500.00	-	-
ICICI Prudential Liquid Plan-Institutional-Daily Dividend	100.00	295,397.62	35,005,209.00	-	-
LIC Mutual Fund Liquid Fund	10.00	-	-	2,505,438	27,509,955.00
			<b>35,767,709.00</b>		<b>27,509,955.00</b>
Aggregate value of quoted investments			762,500		-
Aggregate value of unquoted investments			35,005,209		27,509,955
Market value of quoted investments			762,500		-

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SCHEDULE - E</b>		
<b>SUNDRY DEBTORS (Unsecured, considered good)</b>		
Outstanding for over six months	214,151	219,960
Others, Considered good	31,286,728	10,740,631
	<b>31,500,879</b>	<b>10,960,591</b>
<b>SCHEDULE - F</b>		
<b>CASH AND BANK BALANCE</b>		
Cash on hand	4,830	4,076
Cash at Bank - In Current Accounts	16,509,786	6,672,868
- In Fixed Deposit	20,900,000	11,000,000
	<b>37,414,615</b>	<b>17,676,944</b>
<b>SCHEDULE - G</b>		
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>		
Prepaid Expenses	716,812	252,993
Security Deposits	26,806,000	31,806,000
Loans and Advances	-	24,700
Service Tax Receivable ( F.Y. 2008-09)	20,044	14,208
Advance Income Tax / TDS (F.Y 2007-08)	1,803,479	1,803,479
Advance Income Tax / TDS (F.Y 2008-09)	737,973	337,073
Advance Income Tax / TDS (F.Y 2009-10)	3,709,780	-
Fringe Benefit Tax ( F.Y. 2007-08)	131,268	131,268
Fringe Benefit Tax ( F.Y. 2008-09)	91,410	91,410
	<b>34,016,766</b>	<b>34,461,131</b>
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry creditors		
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues of Creditors for Finance other than micro, and small enterprises	3,614,954	17,426,066
Total outstanding dues of Creditors for Expenses other than micro, and small enterprises	985,630	1,496,008
Other Liabilities	215,450	48,365
	<b>4,816,034</b>	<b>18,970,439</b>
<b>Provisions</b>		
Income Tax (F.Y 2006-07)	-	585
Income Tax (F.Y 2007-08)	1,800,000	1,800,000
Income Tax (F.Y 2008-09)	752,000	752,000
Income Tax (F.Y 2009-10)	4,025,000	-
Fringe Benefit Tax (F.Y 2007-08)	132,000	132,000
Fringe Benefit Tax (F.Y 2008-09)	91,000	91,000
Gratuity	350,396	237,190
	<b>7,150,396</b>	<b>3,012,775</b>
	<b>11,966,430</b>	<b>21,983,214</b>

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>SCHEDULE - I</b>		
<b>INCOME FROM INTEREST AND INVESTMENT</b>		
Interest Income (tax deducted at source ₹ 1,55,325 ; previous year ₹ 3,36,958)	1,553,250	1,610,638
Investment Income	(828,002)	11,653,131
Dividend income on Current Investment	709,775	–
	<b>1,435,023</b>	<b>13,263,769</b>
<b>SCHEDULE - J</b>		
<b>PERSONNEL COST</b>		
Salary, HRA, Conveyance and Bonus	11,395,697	8,407,774
	<b>11,395,697</b>	<b>8,407,774</b>
<b>SCHEDULE - K</b>		
<b>SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Annual Subscription Charges	107,500	111,690
Audit Fees	5,000	5,000
Bank Charges	41,968	3,734
Books and Periodical Expenses	7,431	3,464
Brokerage paid to Sub Brokers	1,671,293	–
Business Promotion Expenses	867,472	740,626
CDSL Expenses	52,965	36,000
Debtors Written Off	68,916	512,188
Demat Charges	279,738	76,812
Filing Fees	353,800	8,224
General Expenses	119,977	125,335
Insurance Expenses	70,118	81,833
Interest Paid	35,317	–
Lease Line Charges	314,605	352,774
Other Charges	83,659	–
Postage and Telegram Expenses	80,778	56,832
Printing and Stationery Expenses	103,043	113,292
Processing Fees	144,212	112,202
Professional Fees	5,391,552	200,031
Rent, Rates and Taxes	6,884	4,284
Repairs and Maintenance Charges	157,391	438,438
SEBI Fees	67,845	51,321
Software Expenses	827,161	846,099
Stamp Duty Charges	210,250	86,227
Security Transaction Tax	111,350	–
Telephone Expenses	163,310	204,217
Training and Development Expenses	11,500	3,000
Transaction Charges	69,106	–
Travelling and Conveyance Expenses	251,693	255,642
VSAT Charges	88,000	130,877
	<b>11,763,834</b>	<b>4,560,142</b>

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### 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.
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. Software is amortised over a period of 3 years.
5. **Investments:** Current investments are valued at lower of cost or market value determined on an individual investment basis. 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:**
  - a) **Defined contribution plans -**  
The Company contributes on a defined contribution basis to Employee's Provident Fund, towards post employment benefits, which is administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.
  - b) **Defined benefit plans -**  
The Company has a defined benefit plan namely gratuity for all its employees. The liability for the defined benefit plan of gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.  
Actuarial gains and losses are recognized immediately in the profit and loss account.
  - c) **Employee leave entitlement -**  
The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided as at the year end and charged to the profit and loss account.
8. **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. 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 are being fully written off in the year of commencement of operation.

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### B. NOTES TO ACCOUNTS :

#### 1. Auditors Remuneration -

(Amount in ₹)

Particulars	As at 31.03.2010	As at 31.03.2009
Audit Fees	5,000	5,000

2. Earnings & Expenditure in foreign currency for the year ended 31.03.2010 is nil.

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

Sr. No.	Particulars	Current Year		Previous Year	
		Quantity Numbers	Amount ₹	Quantity Numbers	Amount ₹
1.	Liquid Fund Units	67,519,906	3,512,800,000	-	-
2.	Bonds	1,730	165,244,706	100	10,01,56,324
3.	Equity Shares	225,000	50,624,114	-	-

#### 4. Related Party Disclosure :

Related parties and their relationships

Holding Company	A. K. Capital Services Limited
Subsidiary of Holding Company	A. K. Capital Finance Private Limited

#### Transactions with related parties:

(Amount in ₹)

Particulars	Transaction with Related Party	
	Current Year	Previous Year
<b>Investments in share capital</b>		
A. K. Capital Services Limited	50,000,000	-
<b>Brokerage Received</b>		
A. K. Capital Services Limited	72,31,679	50
A. K. Capital Finance Private Limited	465,822	-

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

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

- 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 is 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:

##### a) Defined Contribution Plans:

Defined contribution plan consists of Employers' Contribution to Provident Fund of ₹ Nil recognized as expense for the year.

##### b) 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.

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

The following table sets out the unfunded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2010.

	Gratuity (Unfunded)	
	Current Year	Previous Year
<b>a) Change in present value of obligation</b>		
Present value of obligation as at April 1, 2009	237,190	177,010
Interest cost	18,975	-
Service cost	133,852	119,113
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(39,621)	118,077
Present value of obligation as at March 31, 2010	350,396	237,190
<b>b) Change in fair value plan assets</b>		
Fair value of plan assets as at April 1, 2009	--	--
Expected return on plan assets	--	--
Contributions	--	--
Benefits paid (estimated upto 31.03.2010)	--	--
Actuarial gain/(loss) on plan assets	--	--
Fair value of plan assets as at March 31, 2010	--	--
<b>c) Amount recognized in the Balance Sheet</b>		
Present value of obligation, as at March 31, 2010	350,396	237,190
Fair value of plan assets as at March 31, 2010	--	--
Assets / (Liabilities) recognized in the Balance Sheet (shown as provisions in Schedule I - Current liabilities and provisions)	350,396	237,190
<b>d) Expense recognized during the year</b>		
Current service cost	133,852	119,113
Interest cost	18,975	14161
Expected return on plan assets	--	--
Net Actuarial (gain)/loss to be recognized	(39,621)	(73,084)
Net periodic cost	113,206	60,180
<b>e) Assumptions used in accounting for the gratuity plan</b>	<b>% (p.a.)</b>	<b>% (p.a.)</b>
Mortality rate	LIC (1994-96)	LIC (1994-96)
Discount rate	8.00	8.00
Salary escalation rate	5.00	5.00
Expected rate of return on plan assets	--	--

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

### 6. 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.

7. 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 March 31, 2010 of ₹ 198,613 (upto March 31, 2009 ₹ 125,634 have been determined).



## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>Deferred tax liability on account of:</b>		
Depreciation	817,255	716,105
<b>Total (A)</b>	<b>817,255</b>	<b>716,105</b>
<b>Deferred tax assets:</b>		
Gratuity	119,100	80,621
Preliminary Expenses	339,900	509,850
Short Term Capital Loss	150,890	-
Provision for Diminution of Current Investment	8,752	-
<b>Total (B)</b>	<b>618,642</b>	<b>590,471</b>
<b>Deferred tax (assets)/liability (net)</b>	<b>(A-B)</b>	<b>198,613</b>
	<b>198,613</b>	<b>125,634</b>

### 8. Earnings per share (EPS):

Particulars	Current Year	Previous Year
Net profit after tax available for equity share holder (₹)	7,245,887	2,273,408
Weighted average number of equity shares outstanding at the year end (Number)	8,260,274	7,000,000
Basic earnings per share (₹)	0.88	0.32
Nominal value of share (₹)	10	10

9. There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) - 28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India.
10. The Company does not have contingent liabilities not provided for other than an income tax matter amounting to ₹ 2,01,278. The company has filed an appeal with the Income Tax Commissioner against the said demand.
11. Company has pledged fixed deposits to the extent of ₹ 2,09,00,000 with banks for bank guarantees/overdraft facilities and as margin with stock exchanges.
12. 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.
13. 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.
14. 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.
15. Previous year figures have been regrouped or rearranged, wherever considered necessary, to conform with the current year presentation.

### Signatures to schedules 'A' to 'L'

As per our report of even date attached

For and on behalf of the Board of Directors

For Kamal Kumar Jain & Co.  
Chartered Accountants  
Firm Registration No. 014570N

K. K. Jain  
Proprietor  
Membership No. 87379

Anshu  
Chairperson

A. K. Mittal  
Managing Director

Mrunal V. Dixit  
Company Secretary

Place : New Delhi  
Date : June 25, 2010

Place : Mumbai  
Date : June 25, 2010

## 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	:	11
Balance Sheet Date	:	31.03.2010			

### II. Capital raised during the year (Amount in ₹)

Public Issue	:	–	Right Issue	:	–
Bonus Issue	:	–	Private Placement	:	50,000,000

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

Total Liabilities	:	130,464,101	Total Assets	:	130,464,101
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#### Sources of Funds

Paid up Capital	:	120,000,000	Reserves & Surplus	:	10,265,488
Secured Loans	:	–	Unsecured Loans	:	–

#### Application of Funds

Net Fixed Assets	:	3,730,562	Investments	:	35,767,709
Net Current Assets	:	90,965,830	Miscellaneous Expenditure	:	–
Accumulated Losses	:	–			

### IV. Performance of Company (Amount in ₹)

Turnover	:	35,697,923	Expenditure	:	24,354,057
Profit/Loss Before Tax	:	11,343,866	Profit/Loss after tax	:	7,245,887
Basis Earning per Share	:	0.88	Dividend rate %	:	–

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

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

As per our report of even date attached

For Kamal Kumar Jain & Co.  
Chartered Accountants  
Firm Registration No. 014570N

K. K. Jain  
Proprietor  
Membership No. 87379

Place : New Delhi  
Date : June 25, 2010

For and on behalf of the Board of Directors

Anshu  
Chairperson

A. K. Mittal  
Managing Director

Mrunal V. Dixit  
Company Secretary

Place : Mumbai  
Date : June 25, 2010

## DIRECTORS REPORT

To  
Dear shareholders  
A. K. Capital Corporation Private Limited

Your Directors are pleased to present the 4th Annual Report together with the Audited Accounts for the financial year ended March 31, 2010.

### FINANCIAL HIGHLIGHTS

Particulars	Current Year ₹	Previous Year ₹
Income	845,173	1,804,864
Profit before tax	816,248	1,791,888
Provision for tax	13,090	474,282
Profit after tax	803,158	1,317,606
Surplus carried to balance sheet	3,061,835	2,256,549

### DIVIDEND

The Directors did not recommend any dividend for the financial year ended March 31, 2010.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. A. K. Mittal, Director of the company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### DIRECTORS RESPONSIBILITY STATEMENT

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

1. The Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanation relating to material departures, if any;
2. 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, 2010 and of the profit of the Company for the financial year ended March 31, 2010;
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.

### AUDITOR 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.

### COMPLIANCE CERTIFICATE

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

### **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, 2010.

### **DEPOSITS**

During the financial year ended March 31, 2010, the Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, and the rules thereunder.

### **PERSONNEL**

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

### **ACKNOWLEDGEMENT**

The Directors would like to express their sincere thanks for the co-operation received from banks and government authorities. The Directors place on record their 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 25, 2010

## 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 March 31, 2010 and also the annexed Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 and 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 & 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 & 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 March 31, 2010 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 at March 31, 2010 and;
    - ii. in the case of the Profit & 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 period ended on that date.

For Jangid & Associates  
Chartered Accountants

Sajjan Agrawal  
Partner  
Membership No. 102586  
Firm Regd. No. 104045W

Place : Mumbai  
Date : June 25, 2010

## 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 ₹ 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 as applicable, with the appropriate authorities. There were no arrears in this respect as at March 31, 2010 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  
Firm Regd. No. 104045W

Place : Mumbai

Date : June 25, 2010

**BALANCE SHEET AS AT MARCH 31, 2010**

	<u>Schedule</u>	<b>As at 31.03.2010 ₹</b>	<b>As at 31.03.2009 ₹</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	A	21,000,000	21,000,000
Reserves and Surplus	B	3,061,835	2,256,549
		<b>24,061,835</b>	<b>23,256,549</b>
<b>APPLICATION OF FUNDS</b>			
<b>Deferred Tax Assets</b>		62,331	75,421
<b>Investments</b>	C	23,971,207	22,468,454
<b>Current Assets, Loans and Advances</b>			
Cash and Bank balances	D	23,859	1,025,172
Loans and Advances	E	461,711	663,017
		<b>485,570</b>	<b>1,688,189</b>
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	F	17,273	10,515
Provisions		440,000	965,000
		457,273	975,515
<b>Net Current Assets</b>		<b>28,297</b>	<b>712,674</b>
		<b>24,061,835</b>	<b>23,256,549</b>
Statement of Significant Accounting Policies and Notes	I		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For Jangid & Associates  
Chartered Accountants  
Firm Registration No.104045W

Sajjan Agarwal  
Partner  
Membership No. 102586

A. K. Mittal  
Director

Anshu  
Director

Place : Mumbai  
Date : June 25, 2010

Place : Mumbai  
Date : June 25, 2010



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Schedule</u>	<b>Current Year ₹</b>	<b>Previous Year ₹</b>
<b>INCOME</b>			
Income from Interest and Investment	G	845,173	1,054,864
Brokerage Income		–	750,000
		<b>845,173</b>	<b>1,804,864</b>
<b>EXPENDITURE</b>			
Selling, Administrative and other expenses	H	28,925	12,976
		<b>28,925</b>	<b>12,976</b>
<b>Profit before Tax</b>		816,248	1,791,888
Less : Provision for Taxation			
Income Tax		–	440,000
Deferred Tax		13,090	34,282
		13,090	474,282
<b>Profit after Tax</b>		803,158	1,317,606
Add: Prior year tax adjustment		2,128	–
Add: Balance brought forward from last year		2,256,549	938,943
<b>Surplus carried to Balance Sheet</b>		<b>3,061,835</b>	<b>2,256,549</b>
Statement of Significant Accounting Policies and Notes	I		

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

As per our report of even date attached

For Jangid & Associates  
Chartered Accountants  
Firm Registration No.104045W

Sajjan Agarwal  
Partner  
Membership No. 102586

Place : Mumbai  
Date : June 25, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Director

Anshu  
Director

Place : Mumbai  
Date : June 25, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	816,248	1,791,888
Adjustment for		
Public Issue and Preliminary Expenses	–	–
Profit on Liquid Fund	–	–
Dividend Received	(845,173)	(374,550)
Interest Received	–	(680,314)
Operating Profit / (Loss) before working capital changes	(28,925)	737,024
Adjustment for current liabilities	6,758	2,397
Cash flow from operating activities	(22,167)	739,421
Direct Taxes paid	(310,266)	(306,495)
<b>Net cash flow from operating activities</b>	<b>(332,433)</b>	<b>432,926</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Investment in Mutual Fund	(1,502,753)	(22,468,454)
Dividend Received	845,173	374,550
Interest received	–	680,314
Loans and Advances	(11,300)	–
<b>Net cash used in investment activities</b>	<b>(668,880)</b>	<b>(21,413,590)</b>
Net increase/decrease, in cash & cash equivalents	(1,001,313)	(20,980,664)
Cash & cash equivalents at the beginning of the year	1,025,172	22,005,836
Cash & cash equivalents at the close of the year	23,859	1,025,172

As per our report of even date attached

For Jangid & Associates  
Chartered Accountants  
Firm Registration No.104045W

Sajjan Agarwal  
Partner  
Membership No. 102586

Place : Mumbai  
Date : June 25, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Director

Anshu  
Director

Place : Mumbai  
Date : June 25, 2010

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

			As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SCHEDULE - A</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised</b>				
5,000,000 (previous year - 5,000,000) Equity Shares of ₹ 10 each			50,000,000	50,000,000
			<b>50,000,000</b>	<b>50,000,000</b>
<b>Issued, Subscribed and Paid Up</b>				
2,100,000* (previous year - 2,100,000*) Equity Shares of ₹ 10 each fully paid up			21,000,000	21,000,000
			<b>21,000,000</b>	<b>21,000,000</b>
* Out of the above 2,100,000 (100.00%) equity shares are held by the holding company (A.K.Capital Services Limited)				
<b>SCHEDULE - B</b>				
<b>RESERVES AND SURPLUS</b>				
Surplus as per Profit and Loss Account			3,061,835	2,256,549
			<b>3,061,835</b>	<b>2,256,549</b>
<b>SCHEDULE - C</b>				
<b>INVESTMENTS</b>				
<b>Non trade, unquoted (fully paid up) - Current</b>				
	Face Value ₹	Numbers		
Investment in Birla Sunlife Cash Manager - DDR	10	2,396,402	23,971,207	-
Investment in LIC Liquid Fund	10	2,003,994	-	22,004,060
Investment in LIC Liquid Plus Fund	10	46,439	-	464,394
			<b>23,971,207</b>	<b>22,468,454</b>
Aggregate value of unquoted investments			23,971,207	22,468,454
<b>SCHEDULE - D</b>				
<b>CASH AND BANK BALANCES</b>				
Cash in hand			780	6,280
Cash at bank - in Current Account			23,079	1,018,892
			<b>23,859</b>	<b>1,025,172</b>
<b>SCHEDULE - E</b>				
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>				
Prepaid Professional Tax - Annual Fees			8,000	-
Prepaid Rates & Taxes			3,300	-
Advance Income Tax and TDS (F.Y. 2006-07)			-	1,070
Advance Income Tax and TDS (F.Y. 2007-08)			-	521,802
Advance Income Tax and TDS (F.Y. 2008-09)			450,411	140,145
			<b>461,711</b>	<b>663,017</b>
<b>SCHEDULE - F</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry creditors				
Total outstanding dues of micro and small enterprises			-	-
Total outstanding dues of other than micro, and small enterprises			17,273	10,515
			<b>17,273</b>	<b>10,515</b>
<b>Provisions</b>				
Income Tax (F.Y. 2007-08)			-	525,000
Income Tax (F.Y. 2008-09)			440,000	440,000
			<b>440,000</b>	<b>965,000</b>
			<b>457,273</b>	<b>975,515</b>

## SCHEDULE TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>SCHEDULE - G</b>		
<b>INVESTMENT INCOME</b>		
Interest Income (tax deducted at source ₹ Nil ; previous year ₹ 140,145)	–	680,314
Dividend income on Current Investment	845,173	374,550
	<b>845,173</b>	<b>1,054,864</b>
<b>SCHEDULE - H</b>		
<b>SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Audit Fees	8,273	8,015
Bank Charges	552	561
Filing Fees	5,500	1,500
Professional Fees	4,300	300
Fees & Subscription Charges	8,000	–
Sundry Expenses	2,300	2,600
	<b>28,925</b>	<b>12,976</b>

## SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### SCHEDULE - I

#### 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.
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:** Long term investments, if any, are stated at cost. 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. Current Investments are carried at lower of cost or fair value. Provision for diminution in the value of the long term investments is made only if such a decline is other than temporary.
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 in respect of security transactions, and on accrual basis in respect of interest income.
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.
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 are being fully written off in the year of commencement of operation.

##### B. NOTES TO ACCOUNTS:

###### 1. Auditors Remuneration -

(Amount in ₹)

Particulars	As at 31.03.2010	As at 31.03.2009
Audit Fees ( including Service Tax )	5,515	5,515
Internal Audit Fees ( including Service Tax )	2,758	2,500

2. Expenditure and Earnings in foreign currency for the year ended 31.03.2010 is nil.

###### 3. Segment information:

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

## SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

4. **Deferred Tax Assets/(Liabilities)** - 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 March 31, 2010 of ₹ 62,331 (upto March 31, 2009 ₹ 75,421) have been determined.

(Amount in ₹)

Particulars	As at 31.03.2010	As at 31.03.2009
<b>Deferred tax assets</b>		
Preliminary Expenses	62,331	75,421
<b>Deferred tax assets</b>	<b>62,331</b>	<b>75,421</b>

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

	Current Year	Previous Year
Net profit after tax available for equity share holder (₹)	803,158	1,317,606
Weighted average number of equity shares outstanding at the year end (Number)	2,100,000	2,100,000
Basic earnings per share (₹)	0.38	0.63
Nominal value of share (₹)	10	10

6. 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.
7. 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.
8. 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.
9. Previous year figures have been regrouped or rearranged, wherever considered necessary, to conform with the current year presentation.

### Signatures to schedules 'A' to 'I'

As per our report of even date attached

For and on behalf of the Board of Directors

For Jangid & Associates  
Chartered Accountants  
Firm Registration No.104045W

Sajjan Agarwal  
Partner  
Membership No. 102586

A. K. Mittal  
Director

Anshu  
Director

Place : Mumbai  
Date : June 25, 2010

Place : Mumbai  
Date : June 25, 2010

## 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	:	11
Balance Sheet Date	:	31.03.2010			

### II. Capital raised during the year (Amount in ₹)

Public Issue	:	–	Right Issue	:	–
Bonus Issue	:	–	Private Placement	:	–

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

Total Liabilities	:	24,061,835	Total Assets	:	24,061,835
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#### Sources of Funds

Paid up Capital	:	21,000,000	Reserves & Surplus	:	3,061,835
Secured Loans	:	–	Unsecured Loans	:	–

#### Application of Funds

Net Fixed Assets	:	–	Investments	:	23,971,207
Net Current Assets	:	28,297	Miscellaneous Expenditure	:	–
Accumulated Losses	:	–	Deferred Tax Assets	:	62,331

### IV. Performance of Company (Amount in ₹)

Turnover	:	845,173	Expenditure	:	28,925
Profit/Loss Before Tax	:	816,248	Profit/Loss after tax	:	803,158
Basis Earning per Share	:	0.38	Dividend rate %	:	–

### 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 our report of even date attached

For Jangid & Associates  
Chartered Accountants  
Firm Registration No.104045W

Sajjan Agarwal  
Partner  
Membership No. 102586

Place : Mumbai  
Date : June 25, 2010

For and on behalf of the Board of Directors

A. K. Mittal  
Director  
Anshu  
Director

Place : Mumbai  
Date : June 25, 2010

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## DIRECTORS REPORT

To  
Dear shareholders  
A. K. Capital Finance Private Limited

Your Directors are pleased to present the 4th Annual Report together with the Audited Accounts for the financial year ended March 31, 2010.

### FINANCIAL HIGHLIGHTS

Particulars	Current Year ₹	Previous Year ₹
Income	19,405,026	10,961,388
Profit before tax	18,225,514	10,210,244
Provision for tax	6,700,000	3,702,500
Profit after tax	11,525,514	6,507,744
Surplus carried to balance sheet	14,169,126	5,170,122

### DIVIDEND

The Directors did not recommend any dividend for the financial year ended March 31, 2010.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. Deepak Mittal, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself 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, 2010 and of the profit of the Company for the financial year ended March 31, 2010;
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 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.

### AUDITOR 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.

### COMPLIANCE CERTIFICATE

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

### **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, 2010.

### **DEPOSITS**

During the financial year ended March 31, 2010, 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.

### **EMPLOYEES**

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

### **ACKNOWLEDGEMENT**

The Directors would like to express their sincere thanks for the co-operation received from banks and government authorities. The Directors place on record their 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 : Mumbai  
Date : June 25, 2010

## AUDITORS' REPORT

To  
The Members,  
A. K. Capital Finance Private Limited

We have audited the attached Balance Sheet of A. K. Capital Finance Private Limited , as at March 31, 2010 and also the Profit & Loss Account and 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 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 & Loss Account dealt with by this report are in agreement with the books of account ;
4. In our opinion, the Balance Sheet and Profit & 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 March 31, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at March 31, 2010 from being appointed as Director in terms of clause (g) of subsection (1) of section 274 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 :-
  - 1) In the case of Balance Sheet, of the state of affairs of the company as at March 31, 2010 ; and
  - 2) In the case of the Profit & Loss Account, of the profit for the year ended on that date.
  - 3) In the case of Cash flow statement of the Cash flows for the year ended on that date.

For Maroti & Associates  
Chartered Accountants

M. K. Maroti  
Proprietor  
M. No.057073  
Firm Reg.No : 322770E

Place : Kolkata  
Date : June 25, 2010

## ANNEXURES TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our Report of even date on the Accounts for the year ended on March 31, 2010.

1. The Company had No fixed assets during the year. Hence Clause 4 (l) (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 secured/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 secured / 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. 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 the contracts or arrangements referred to in Sec 301 of the Act that need to be entered into the Register maintained under that section have been so entered .
  - b) In our opinion according to the information and explanations given to us the transactions made in pursuance of such Contracts or arrangements aggregating during the year to ₹ 500,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public. 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 Income Tax and other statutory dues applicable to it. As informed to us Provident Fund, Investor Education Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty are not applicable to it.
  - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax and other statutory dues as applicable to it 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 year and in the 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 in securities 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 securities 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. During the year under audit , the Company has made preferential allotment of equity shares to parties covered in the register maintained under section 301 of the Act at price which is not prejudicial to the interest of the Company .
19. The Company 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.

For Maroti & Associates  
Chartered Accountants

M. K. Maroti  
Proprietor  
M. No.057073  
Firm Reg.No : 322770E

Place : Kolkata  
Date : June 25, 2010

**BALANCE SHEET AS AT MARCH 31, 2010**

	<u>Schedule</u>	<u>As at 31.03.2010 ₹</u>	<u>As at 31.03.2009 ₹</u>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	A	27,100,000	2,100,000
Reserves and Surplus	B	260,961,657	24,462,653
		<u><b>288,061,657</b></u>	<u><b>26,562,653</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Investments</b>			
	C	22,006,849	22,500,000
<b>Current Assets, Loans and Advances</b>			
Inventory		262,056,730	–
Cash and Bank balances	D	9,194,601	5,256,640
Loans and Advances	E	5,743,196	3,033,356
		<u>276,994,527</u>	<u>8,289,996</u>
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	F	528,060	513,000
Provisions		10,411,659	3,714,343
		<u>10,939,719</u>	<u>4,227,343</u>
<b>Net Current Assets</b>			
		<u>266,054,808</u>	<u>4,062,653</u>
		<u><b>288,061,657</b></u>	<u><b>26,562,653</b></u>
Statement of Significant Accounting Policies and Notes	J		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For Maroti & Associates  
Chartered Accountants  
Firm Registration No. 322770E

M.K.Maroti  
Proprietor  
Membership No.057073

Sneh Lata Mittal  
Director

Aditi Mittal  
Director

Place : Kolkata  
Date : June 25, 2010

Place : Mumbai  
Date : June 25, 2010

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Current Year ₹	Previous Year ₹
<b>INCOME</b>			
Income from trading in securities	G	16,568,313	–
Investment Income	H	2,836,713	10,961,388
		<b>19,405,026</b>	<b>10,961,388</b>
<b>EXPENDITURE</b>			
Personnel Cost		120,000	90,000
Selling, Administrative and other expenses	I	1,059,512	628,324
Preliminary Expenditure written off		–	32,820
		<b>1,179,512</b>	<b>751,144</b>
<b>Profit before Tax</b>		<b>18,225,514</b>	<b>10,210,244</b>
Less : Provision for Tax			
Income Tax		6,700,000	3,700,000
Fringe Benefit Tax		–	2,500
<b>Profit after Tax</b>		<b>11,525,514</b>	<b>6,507,744</b>
Less: Prior year tax adjustment		26,510	65,886
<b>Profit after tax and prior period items</b>		<b>11,499,004</b>	<b>6,441,858</b>
Less: Transfer to Statutory Reserve		2,500,000	1,288,372
Add : Balance brought forward from last year		5,170,122	16,636
<b>Profit / (Loss) carried to Balance Sheet</b>		<b>14,169,126</b>	<b>5,170,122</b>
Statement of Significant Accounting Policies and Notes	J		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For Maroti & Associates  
Chartered Accountants  
Firm Registration No. 322770E

M.K.Maroti  
Proprietor  
Membership No.057073

Sneh Lata Mittal  
Director

Aditi Mittal  
Director

Place : Kolkata  
Date : June 25, 2010

Place : Mumbai  
Date : June 25, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	18,225,514	10,210,244
Public Issue and Preliminary Expenses	–	32,820
Investment Income	(2,836,713)	(10,961,388)
<b>Operating Profit before working capital changes</b>	<b>15,388,801</b>	<b>(718,324)</b>
Adjustment for Current Assets		
i) Receivables	–	17,727,739
ii) Inventory	(262,056,730)	609,805
iii) Current Liabilities	15,060	(2,791,000)
<b>Cash flow from operating activities</b>	<b>(246,652,869)</b>	<b>14,828,220</b>
Direct Taxes Paid	(2,739,034)	(2,500,000)
<b>Net cash from operating activities</b>	<b>(249,391,903)</b>	<b>12,328,220</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Investment	493,151	(20,000,000)
Investment Income	2,836,713	10,961,388
Loans and Advances given	–	600,000
<b>Net cash used in investment activities</b>	<b>3,329,864</b>	<b>(8,438,612)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue to Share Capital	25,000,000	
Proceeds from Securities Premium	225,000,000	–
<b>Net cash used in financial activities</b>	<b>250,000,000</b>	<b>–</b>
Net increase/decrease, in cash & cash equivalents	3,937,961	3,889,608
Cash & cash equivalents at the beginning of the year	5,256,640	1,367,032
Cash & cash equivalents at the close of the year	9,194,601	5,256,640

As per our report of even date attached

For and on behalf of the Board of Directors

For Maroti & Associates  
Chartered Accountants  
Firm Registration No. 322770E

M.K.Maroti  
Proprietor  
Membership No.057073

Place : Kolkata  
Date : June 25, 2010

Sneh Lata Mittal  
Director

Aditi Mittal  
Director

Place : Mumbai  
Date : June 25, 2010



## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
5,000,000 (Previous year - 220,000 ) Equity Shares of ₹ 10 each	50,000,000	2,200,000
	<b>50,000,000</b>	<b>2,200,000</b>
<b>Issued, Subscribed and Paid Up</b>		
27,10,000* (Previous year - 210,000) Equity Shares of ₹ 10 each	27,100,000	2,100,000
	<b>27,100,000</b>	<b>2,100,000</b>
* Out of the above 2,648,740 (97.74%) equity shares are held by the holding company (A. K. Capital Services Limited)		
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Statutory Reserve as per RBI</b>		
As per last balance sheet	1,292,531	4,159
Transferred from profit and loss account	2,500,000	1,288,372
	3,792,531	1,292,531
<b>Security Premium</b>		
As per last balance sheet	18,000,000	18,000,000
Add: Received during the year	225,000,000	-
	243,000,000	18,000,000
<b>Surplus as per Profit and Loss Account</b>		
	14,169,126	5,170,122
	<b>260,961,657</b>	<b>24,462,653</b>

	Face Value ₹	As at 31.03.2010		As at 31.03.2009	
		Numbers	₹	Numbers	₹
<b>SCHEDULE - C</b>					
<b>INVESTMENTS</b>					
<b>Non trade, Quoted (fully paid up) - Current</b>					
Birla SunLife Cash Manager					
- Daily Dividend Reinvestment	10	2,200,025	22,006,849	-	-
LIC Liquid Plus Fund	10	-	-	2,250,000	22,500,000
			<b>22,006,849</b>		<b>22,500,000</b>
Aggregate value of unquoted investments			22,006,849		22,500,000

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>SCHEDULE - D</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	436,769	696,937
Cash at bank - In Current Account	8,757,832	4,559,703
	<b>9,194,601</b>	<b>5,256,640</b>
<b>SCHEDULE - E</b>		
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>		
Advance Income Tax / TDS (F.Y. 2006-07)	33,072	33,072
Advance Income Tax / TDS (F.Y. 2007-08)	-	500,284
Advance Income Tax / TDS (F.Y. 2008-09)	3,688,927	2,500,000
Advance Income Tax / TDS (F.Y. 2009-10)	2,019,521	-
Fringe Benefit Tax (F.Y. 2008-09)	1,676	-
	<b>5,743,196</b>	<b>3,033,356</b>
<b>SCHEDULE - F</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues of other than micro, and small enterprises	528,060	513,000
	<b>528,060</b>	<b>513,000</b>
<b>Provisions</b>		
Income Tax (F.Y. 2006-07)	9,159	9,159
Income Tax (F.Y. 2007-08)	-	2,123
Income Tax (F.Y. 2008-09)	3,700,000	3,700,000
Income Tax (F.Y. 2009-10)	6,700,000	-
Fringe Benefit Tax (F.Y. 2007-08)	-	561
Fringe Benefit Tax (F.Y. 2008-09)	2,500	2,500
	<b>10,411,659</b>	<b>3,714,343</b>
	<b>10,939,719</b>	<b>4,227,343</b>

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year ₹	Previous Year ₹
<b>SCHEDULE - G</b>		
<b>INCOME FROM TRADING IN SECURITIES</b>		
Sale of Securities	470,460,903	-
Inventory	262,056,730	-
	<u>732,517,633</u>	<u>-</u>
Less : Purchase of Securities	715,949,320	-
	<u><b>16,568,313</b></u>	<u><b>-</b></u>
<b>SCHEDULE - H</b>		
<b>INVESTMENT INCOME</b>		
Short Term Capital Gain	943,863	10,921,593
Dividend Income on Current Investment	344,834	39,795
Interest income on short term investments (tax deducted at source ₹ 19,521; previous year ₹ Nil)	1,548,016	-
	<u><b>2,836,713</b></u>	<u><b>10,961,388</b></u>
<b>SCHEDULE - I</b>		
<b>SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Audit Fees	23,192	11,000
Bank Charges	5,252	17,940
Conveyance Expenses	29,794	22,200
Demat Charges	895	4,358
Filing Fees	314,560	1,206
General Expenses	32,265	43,808
Printing & Stationery Expenses	44,705	27,460
Professional Fees	8,300	15,000
Securities Transaction Tax	526,177	2,912
Service Tax	49,640	469,053
Staff Welfare Expenses	24,732	13,387
	<u><b>1,059,512</b></u>	<u><b>628,324</b></u>

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

### SCHEDULE - J

#### 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:** Long term investments are stated at cost. 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. Provision for diminution in the value of the long term investments is made only if such a decline is other than temporary.
- Inventory :** Inventory is valued at cost or market value which ever is lower.
- Revenue recognition:** Sale and purchase of securities is recognized on the date of sale. Purchases include all incidental and direct attributable expenses connected thereto. 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.

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.

- 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 -**

(Amount in ₹)

Particulars	As at 31.03.2010	As at 31.03.2009
Audit Fees (including Service Tax)	22,060	12,133

- Expenditure and Earnings in foreign currency for the year ended 31.03.2010 is nil.

- Related Party Disclosure :**

Related parties and their relationships

Holding Company	A. K. Capital Services Limited
Subsidiary of Holding Company	A. K. Stockmart Private Limited

Transactions with related parties

(Amount in ₹)

Particulars	Current Year	Previous Year
<b>Investments in share capital (including security premium)</b>		
A. K. Capital Services Limited	250,000,000	-
<b>Brokerage Paid</b>		
A. K. Stockmart Private Limited	465,822	-

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

#### 4. Segment information:

The Company has single reporting segment i.e. "Trading and Investment in Securities" for the purpose of Accounting Standard (AS) - 17 'Segment Reporting'. The Company does not have any reportable geographical segment.

#### 5. Earnings per share (EPS):

Particulars	Current Year	Previous Year
Net profit after tax available for equity share holder (₹)	11,499,004	6,441,858
Weighted average number of equity shares outstanding at the year end (Number)	511,370	210,000
Basic earnings per share (₹)	22.49	30.68
Nominal value of share (₹)	10	10

6. 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.
7. 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.
8. 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.
9. Previous year 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 and on behalf of the Board of Directors

For Maroti & Associates  
Chartered Accountants  
Firm Registration No. 322770E

M.K.Maroti  
Proprietor  
Membership No.057073

Place : Kolkata  
Date : June 25, 2010

Sneh Lata Mittal  
Director

Aditi Mittal  
Director

Place : Mumbai  
Date : June 25, 2010

## 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	:	31.03.2010			

### II. Capital raised during the year (Amount in ₹)

Public Issue	:	–	Right Issue	:	–
Bonus Issue	:	–	Private Placement	:	7,000,000

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

Total Liabilities	:	288,061,657	Total Assets	:	288,061,657
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#### Sources of Funds

Paid up Capital	:	27,100,000	Reserves & Surplus	:	260,961,657
Secured Loans	:	–	Unsecured Loans	:	–

#### Application of Funds

Net Fixed Assets	:	–	Investments	:	22,006,849
Net Current Assets	:	266,054,808	Miscellaneous Expenditure	:	–
Accumulated Losses	:	–			

### IV. Performance of Company (Amount in ₹)

Turnover	:	19,405,026	Expenditure	:	1,179,512
Profit/Loss before Tax	:	18,225,514	Profit/Loss after tax	:	11,525,514
Basis Earning per Share	:	22.49	Dividend rate %	:	–

### 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 and on behalf of the Board of Directors

For Maroti & Associates  
Chartered Accountants  
Firm Registration No. 322770E

M.K.Maroti  
Proprietor  
Membership No.057073

Sneh Lata Mittal  
Director

Aditi Mittal  
Director

Place : Kolkata  
Date : June 25, 2010

Place : Mumbai  
Date : June 25, 2010

## 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	A. K. Capital Finance Private Limited
Financial year ending	March 31, 2010	March 31, 2010	March 31, 2010
Date from which it become the Subsidiary	February 20, 2006	January 29, 2007	September 04, 2008
Number of equity shares held by A. K. Capital Services Limited as on March 31, 2010	12,000,000 Equity shares	2,100,000 Equity shares	2,648,740 Equity shares
Face Value of equity shares (₹)	10	10	10
Extent of holding of A. K. Capital Services Limited as on March 31, 2010	100%	100%	97.74%
Net aggregate profit/(loss) so far it concerns the members of the holding company			
a. For the financial year ended on March 31, 2010			
(i) Not dealt with in the holding Company accounts (₹)	28,466,244	845,173	19,405,026
(ii) Dealt with the holding Company accounts (₹)	7,231,679	-	-
b. For the subsidiary Company previous financial years since it become a subsidiary			
(i) Not dealt with in the holding Company accounts (₹)	17,345,848	1,804,864	10,961,388
(ii) Dealt with the holding Company accounts (₹)	50	-	-

### DETAILS OF SUBSIDIARY COMPANIES

Particulars	A. K. Stockmart Private Limited  ₹	A. K. Capital Corporation Private Limited  ₹	A. K. Capital Finance Private Limited  ₹
Share Capital	120,000,000	21,000,000	27,100,000
Reserve and surplus	10,265,488	3,061,835	260,961,657
Total Assets	142,430,531	24,519,108	299,001,376
Total Liabilities	142,430,531	24,519,108	299,001,376
Investments	35,767,709	23,971,207	22,006,849
Total Revenue	35,697,923	845,173	19,405,026
Profit before tax	11,343,866	816,248	18,225,514
Provision for tax	40,97,979	13,090	6,700,000
Profit after tax	72,45,887	803,158	11,525,514

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**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**

17<sup>th</sup> Annual General Meeting

Folio No. \_\_\_\_\_ Client ID \_\_\_\_\_

DP Name \_\_\_\_\_

DP ID No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of

A. K. Capital Services Limited hereby appoint \_\_\_\_\_ or failing

him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote on

my/our behalf at the 17<sup>th</sup> Annual General Meeting of the Company to be held on September 04, 2010 at 9.00 a.m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110 030 and at any adjournment thereof.

Affix  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010, by the said \_\_\_\_\_

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

----- Please tear here -----



**A. K. CAPITAL SERVICES LIMITED**

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

**Attendance Slip**

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

Folio No. _____	Client ID _____
DP ID No. _____	
Name of the Shareholder/ Proxy _____	
Address _____	
_____ No.of shares held _____	

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the Company held on September 04, 2010 at 9.00 a.m. at Tivoli Garden, Resort Hotel, Chattarpur Road, New Delhi - 110 030.

\_\_\_\_\_  
Signature of the Shareholder/ Proxy





Book-Post

*If undelivered please return to :*  
*A. K. Capital Services Limited*  
Flat No. N, Sagar Apartment,  
6, Tilak Marg, New Delhi - 110 001