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A N N U A L

R E P O R T

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A.K. CAPITAL SERVICES LIMITED



A.K. CAPITAL SERVICES LIMITED**Board of Directors**

Mr. A.K. Mittal	Managing Director
Mrs. Anshu	Director
Mr. Y.K. Jain	Director
Mr. S.R. Gupta	Director
Mrs. Shyam Lata Garg	Director

Auditors

Agarwal Pavon Kumar & Co.
Chartered Accountants
Meerut

Registered Office

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

Bankers

Corporation Bank
H.D.F.C Bank

Registrar & Share Transfer Agent

Datanix Computer Services
F-11/C, 1st Floor,
Okhla Industrial Area, Phase-I,
New Delhi - 110 020

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A.K. CAPITAL SERVICES LIMITED**NOTICE**

Notice is hereby given that Fifth Annual General Meeting of the members of **A.K. Capital Services Ltd.** will be held at **Bawa Palace, U-38, Shakarpur, Delhi-110092** on **Saturday, 26th September 1998** at **10.30 A.M.** to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31.03.98, Profit and Loss Account for the year ended 31.03.98, the Directors' Report and Auditors' Report thereon.
2. To appoint Auditors as the present Auditors **M/s Agarwal Pawan Kumar & Co.,** Chartered Accountants, Meerut are going to retire in forthcoming Annual General Meeting and being eligible, offer themselves for reappointment subject to approval of members in Annual General Meeting.
3. To appoint a Director in place of Mr. S.R. Gupta who is going to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Y.K. Jain who is going to retire by rotation and being eligible, offers himself for reappointment.
5. To declare dividend.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution :
 "Resolved that pursuant to section 370 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment in future thereto or the provisions of any re-enactment of the Said Act in view of the Companies Bill, 1997 and subject to the approval wherever necessary, of the central Government, the consent of the Company be & is hereby granted to the Board of Directors of the Company to make loans to any body(ies) corporate whether or not under the same group as the Company, on such terms & conditions as the Board may think fit notwithstanding that such loan may exceed such percentage of the aggregate of the subscribed capital and free reserves provided that aggregate of loans made to all the bodies corporate shall not exceed without the prior approval of the Central Government as may be prescribed by the central Government from time to time under the said section.

- i) In case where all such bodies corporate are not under the same group as the Company such percentage of the aggregate of the subscribed capital & free reserves of the Company as may be prescribed by the Central Government from time to time under the said section.

- ii) In the case where bodies corporate are under the same group as the Company such percentage of the aggregate of the subscribed capital & free reserves of the Company as may be prescribed by the Central Government from time to time under the said section.

Further resolved that the Board of Directors be & is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise as may be considered by the Directors to be in the best interest of the Company.

7. To consider & if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution :-

"Resolved that pursuant to section 372 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment in future thereto or the provisions of any re-enactment of the Said Act in view of the Companies Bill, 1997 and subject to the approval wherever necessary, of the central Government, the consent of the Company be & is hereby granted to the Board of Directors of the Company to make investment in any body(ies) corporate whether or not under the same group as the Company, on such terms & conditions as the Board may think fit notwithstanding that such investment may exceed such percentage of the aggregate of the subscribed capital and free reserves provided that aggregate of investments made to all the bodies corporate shall not exceed without the prior approval of the Central Government :

- i) In case where all such bodies corporate are not under the same group as the Company such percentage of the aggregate of the subscribed capital & free reserves of the Company as may be prescribed by the Central Government from time to time under the said section.

A.K. CAPITAL SERVICES LIMITED

- ii) In the case where bodies corporate are under the same group as the Company such percentage of the aggregate of the subscribed capital & free reserves of the Company as may be prescribed by the Central Government from time to time under the said section.

Further resolved that the Board of Directors be & is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise as may be considered by the Directors to be in the best interest of the Company."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to section 94 read with sections 16 & 31 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 70000000 (Rupees Seven Crores only) divided into 5000000 (Fifty Lacs) Equity Shares of Rs. 10/- each and 200000 (Two Lacs) redeemable cumulative preference shares of Rs. 100/- each to Rs. 80000000 (Rupees Eight Crores only) divided into the following classes of shares :

- (a) 6000000 (Sixty Lacs) Equity Share of Rs. 10/- each.
- (b) 200000 (Two Lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each.

RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the Company be and is hereby amended by substituting the existing clause V with the following clause V.

"The Authorised Share Capital of the Company is Rs. 80000000 (Rupees Eight crores only) divided into the following classes of shares :

- (a) 6000000 (Sixty Lacs) Equity Share of Rs. 10/- each.
- (b) 200000 (Two Lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each."

RESOLVED FURTHER THAT the existing Article No. 3 of the Articles of Association of the Company be and is hereby deleted and the following Articles be substituted.

"The Authorised Share Capital of the Company is Rs. 80000000 (Rupees Eight crores only) divided into the following classes of shares :

- (a) 6000000 (Sixty Lacs) Equity Share of Rs. 10/- each.
- (b) 200000 (Two Lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each."

AND FURTHER RESOLVED THAT The Board of the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary, desirable or appropriate to give effect to this resolution."

9. To consider and, if thought fit, to pass with or without modification the following resolution as special resolution :

"RESOLVED That pursuant to the provision of Section 81 and other applicable provisions, if any, of the companies act, 1956 and the articles of association of the Company and subject to approvals of the appropriate authorities and such other approvals, permission and sanctions as may be considered necessary and subject to guidelines issued or to be issued by any authority and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company and as may be prescribed in granting such approvals, permission and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors to create, offer and issue Equity Shares/ convertible Debentures/Preference shares (Redeemable or cumulative convertible)/ share warrants on such basis as the Board of Directors may deem fit and proper for an aggregate amount which shall not exceed Rs. 300 Lacs and on such terms and conditions (including premium) on Equity Shares/ Convertible Debentures/Preference Shares and the persons to whom the same may be issued, whether or not they be members of the Company whether on Rights Basis or by prospectus or in such other manner as may be decided by the Board of Directors and permitted by the appropriate authorities or as may be permissible under any guidelines issued

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or to be issued by any authority, at such times/date as the Board of Directors may in its sole discretion think fit and proper and subject to such modification thereof as may be determined by the Board of Directors and approved or permitted by the concerned authorities."

RESOLVED further that the Board of Directors be and is hereby authorised to retain oversubscription to such extent as may be permitted by the appropriate authorities and/or as may be permissible under the guidelines issued or to be issued by any authority and to decide record date, book-closure, basis of allotment, timing and modality of the issue and all other matters incidental thereto."

"RESOLVED further that Equity shares so issued and subscribed shall rank pari-passu with the existing Equity Shares and shall be eligible for all dividends free of Corporate Tax subject to deduction of tax at source), which may be declared by the Company on pro-rata basis in respect of the financial year in which the Equity Shares are issued and eligible for usual course thereafter."

"RESOLVED Further that the Board of Directors be and is hereby authorised to take such action or to give such directions as may be necessary or desirable to accept any modifications in quantum and/or schemes/size terms of the issue of shares/Convertible Debenture/Preference Shares/share warrant as may be required by the appropriate authorities and by any guidelines issued or to be issued by any authority and to settle any questions or difficulty that may arise with regard to the issue and allotment of Shares/Convertible Debentures/Preference Shares/share warrants and to alter, vary, delete, modify and amend any of the terms/conditions thereon as it may deem necessary and as it may appear to the Board of Directors to be beneficial to the Company and to appoint any agency or individual or Company as Lead Managers, Co-Managers, Bankers, Brokers, Underwriters, Registrars or on any designation of whatsoever nature as the Board may deem fit and proper."

10. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution :

"Resolved that in accordance with the provision of section 269, 198, 309, 310 and

all other applicable provisions, if any, of the companies act, 1956 and subject to the limit specified in schedule XIII to the said act, the terms and conditions of appointment of Sh. A.K. Mittal, Managing Director of the company, be and is hereby revised w.e.f 1/10/1998 as per following details.

- (i) Salary Rs. 18000/- per month.
- (ii) Perquisites : Provision of car for the use of company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls and use of the car for private purpose shall be billed by the company.
- (iii) Medical Reimbursement : Expenses incurred by the Managing Director for himself and the family will be reimbursable to him subject to ceiling of three months salary in a year.
- (iv) Leave Travel Assistance : The Managing Director and his family shall be entitled to leave travel assistance once a year."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy duly completed should be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the meeting. Blank Proxy form is enclosed.
3. Member desiring any information about the accounts and operations of the Company are requested to send their queries at least ten days before the date of the Annual General Meeting so that information can be made available at the meeting.
4. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forming part of this notice.
5. The Register of Members of the Company and Share Transfer Books of the Company will remain closed from Friday the 25th September 1998 to Saturday the 26th September 1998 (Both days inclusive). Dividend on Equity Shares as recommended by the Board of Directors, if sanctioned by the members at the Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members as on 25th September 1998.

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6. Members are requested to bring their copies of Annual Report & Attendance Slip at the time of the meeting.

By the order of the Board,

Sd/-

Place : New Delhi

A.K. Mittal

Dated : 27-06-1998

(Managing Director)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Section 370 of the Companies Act, 1956 require approval of shareholders by special resolution to make loans etc. in excess of the prescribed limit. Therefore, the Board of Directors recommended for approval of shareholders the resolution set out in item no. 6 of notice of the AGM.

None of the Directors is concerned or interested in this resolution.

ITEM NO. 7

The consent of the shareholders of the Company, pursuant to the provisions of section 372 of the Companies Act, 1956 or any amendment in future thereto or the provisions of any re-enactment in view of the Companies Bill 1997, is required to enable the Board of Directors of the Company to make investments in any other body(ies) corporate whether or not under the same group as the Company. Further where the investments so made/ to be made exceed the prescribed statutory limits, the approval of the Central Government is also required. As such the proposed resolution is recommended for your approval.

Memorandum & statement of interest :

None of the Directors is interested in this resolution.

ITEM NO. 8

To consider & if thought fit, to pass with or without modification(s) the following resolution as a special resolution :-

The Authorised Share Capital of the Company at present is Rs. 70000000 (Rupees Seven crores only) divided into 5000000 (Fifty lacs) Equity share of Rs. 10/- each and 200000 (Two Lacs) redeemable cumulative preference shares of Rs. 100/- each. As the expansion and diversification programme of the Company is on the anvil, the Company has to raise funds through Share Capital. It is therefore, felt desirable to increase the Authorised Share Capital to Rs. 80000000 (Rupees Eight crores only) by further creation of 1000000 (Ten Lacs) Equity Share of Rs. 10/- (Rupees ten)

each. The increase in the Authorised Capital of the Company will require alteration of the relevant Clause of the Memorandum of Association, and alteration of relevant article of the Articles of Association of the Company.

The Directors recommended the Resolution for acceptance by the shareholders. None of the Directors is concerned or interested in the Resolution.

ITEM NO. 9

Section 81(1) of the Companies Act, 1956 provides in Clause(a) that when it is proposed to increase the subscribed capital of a Company by the allotment of further shares. Such further shares shall be offered to the persons who at the date of the offer are holder of equity shares in the Company in proportion, as circumstances admit to the capital paid-up on these shares at that date. Pursuant to Section 81(1-A) of the act, notwithstanding any thing contained in Section 81(1), the further shares as aforesaid may be offered by the Company to any persons (whether or not these persons include the persons referred to in Clause(a) of Section 81(1) in any manner whatsoever if a special resolution to that effect is passed by the Company in General Meeting.

Having regard to the provisions of Clause(a) of Section 81(1) of the Act, the Board recommend the acceptance of the Special Resolution set out in Item No. 11 of the convening Notice, so that further shares in the Company mentioned in the resolution may be issued and allotted. Directors may be interested in the resolution to the extent, they are allotted shares in the Company.

ITEM NO. 10

Shri A.K. Mittal was appointed as Managing Director of the company for a period of five years with effect from 1.4.1995 at a remuneration of Rs. 12000 per month plus perquisites vide special resolution passed by the members of the company. Now it is proposed to revise the remuneration of Shri A.K. Mittal as per resolution set out in item no. 10 of the notice of AGM. The Board recommends the resolution for approval of shareholders, none of the director except Shri A.K. Mittal is interested or connected in this resolution.

By the order of the Board,

Sd/-

Place : New Delhi

A.K. Mittal

Dated : 27-06-98

(Managing Director)