



A. K. CAPITAL SERVICES LIMITED

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9th Annual Report
2001-2002

BOARD OF DIRECTORS

▪ Mr. A.K. Mittal	-----	Managing Director
▪ Mrs. Anshu	-----	Director
▪ Mr. Deepak Mittal	-----	Director
▪ Mrs. Shyam Lata Garg	-----	Director

AUDITORS

Kamal Kumar Jain & Co.
Chartered Accountants
New Delhi.

REGISTERED OFFICE

Flat No. 'N', Sagar Apartments,
6-Tilak Marg
New Delhi-110001.

BANKERS

- HDFC Bank Ltd.
- Corporation Bank

REGISTRAR & SHARE TRANSFER AGENT

Datanix Computer Services
F-11/C, 1st Floor,
Okhla Industrial Area, Phase – I,
New Delhi – 110020.

C O N T E N T S

Notice	.....	3
Director's Report	.....	11
Auditor's Report	.....	13
Balance Sheet	.....	15
Profit & Loss Account	.....	16
Schedule	.....	17

NOTICE

Notice is hereby given that Ninth Annual General Meeting of the members of A.K. Capital Services Ltd. will be held at Rangoli Garden, Village Chhawla, Bijwasan Road, New Delhi-110071 on Saturday, 21st September 2002 at 9:45 A.M. to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31.03.2002, Profit and Loss Account for the year ended on 31.03.2002, the Directors' Report and Auditors' Report thereon.
2. To appoint Auditors as the present Auditors M/s Kamal Kumar Jain & Co., Chartered Accountants, Delhi 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. A.K. Mittal who is going to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mrs. Anshu who is going to retire by rotation and being eligible, offers herself 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 special resolution :

"RESOLVED THAT in terms of Section 81 and other applicable provision if any, of the Companies Act, 1956 and in accordance with the provisions of Articles of Association, Securities and Exchange Board of India's (herein after referred to as SEBI) guidelines in this regard and of listing agreement entered into by the company with the Stock exchanges where the shares of the company are listed and subject to approvals, permissions and sanctions of such authorities and departments as may necessary and subject to such conditions and modifications as may be prescribed in writing in getting such approvals, permissions and sanctions and subject to such conditions as may be imposed by SEBI, which may be agreed to by the Board of Directors of the company (Hereinafter referred to as "the Board" which term shall be deemed to include any committee referred to below), at its sole discretion, the consent of the company be and is hereby accorded to the Board to create, offer and issue to the holders of Equity shares of the company in the ratio of 1(one) Equity share of Rs. 10 each for every 2 (two) fully paid-up exiting equity shares held on such record date or dates as may be fixed by the Board for subscription for cash, in one or more trenches and at such premium/s per share as may be fixed and determined by the Board prior to issue and offer thereof to such category of persons as may be prescribed in consultation with SEBI or such other authorities as may be prescribed or in accordance with such guidelines or other provisions of law as may be prevailing at that time and otherwise ranking pari passu (except for the payment of dividend prorata from the date of allotment) with the then existing equity shares of the company, on such other terms and conditions, if any, in respect of such issue to such extent as may be than permissible and at such time or times or trenches as the Board in its absolute discretion and in the best interest of the company may deem fit subject to the condition that where in respect of any shareholder the entitlement in terms of the above referred ratio is less than 100 (one hundred) equity shares or other than in multiples of hundred equity shares, the entitlement shall be rounded off 100 (one hundred) equity shares or to the nearest multiple of hundred equity shares respectively; and

RESOLVED FURTHER THAT the Board shall be entitled to issue, in consultation with and subject to the approval if any, of any concerned authority, appropriate Letters of Offer to the equity shareholders referred above, containing the terms and conditions of such issue as the Board at its absolute discretion think fit including the provisions relating to renunciation, non-eligibility of renouncee for additional shares, listing of new equity shares at stock exchanges, restriction as to subscription and transfer as provided in the Articles of the Association of the company, allotment to Non-resident Indians subject to provisions of Foreign Exchange Management Act, order of preference for allotment in the event of over-subscription and such other conditions as may be necessary or stipulated in such letter of offer and such other documents as may be permitted by the concerned authority in accordance with the law and the Board be and is hereby expressly authorized and empowered to accept such variation as the SEBI or any other concerned authority may stipulate in that behalf and to also, at its discretion to amend, modify, vary or alter all or any of the terms of the issue including the basis or the proportion of the offer to be made to the shareholders referred to above including the right to increase, decrease and recalculate the number of equity shares to be created, offered and issued and to alter the terms as to premium and their entitlement thereto and include in the Letters of

offer or such other documents the offer for subscription all such other terms and conditions of Offer as are necessary or expedient in the discretion of the Board and/or may have to be incorporated on the account of any modification required or accepted by any concerned authority.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board be & is hereby authorized on behalf of the company to appoint advisor(s), consultant(s), Manager(s), Registrar(s) to the issue and other Agencies as may be deemed expedient, for aforementioned issue and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection with such issue.

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

RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the company, the listing agreement entered into by the company with the stock exchanges where the shares of the company are listed and subject to approval of Securities and Exchange Board of India, Reserve Bank of India and all other concerned authorities, Institutions or Bodies, if any, and to the extent necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them in granting such approvals, permissions and sanctions which may be agreed to by the Board of directors of the company (herein after referred to as 'the Board'), the consent of the company be and is hereby accorded to the Board of Directors to create, offer and issue Equity Shares/ Preference shares (Redeemable, cumulative or non-cumulative) on such basis as the Board of Directors may deem fit and proper for an aggregate amount (excluding premium, if any) which shall not exceed Rs. 300 Lacs and on such terms and conditions (including premium) on Equity Shares/ 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 or to be issued by any authority, at such times/ date as the Board of Directors may at 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 shares so issued shall not be issued at a price less than the minimum price worked out as per SEBI Guidelines for preferential allotment.

RESOLVED FURTHER THAT the new equity shares so issued shall be subject to the Memorandum and Articles of Association of Company and shall rank in all respects (including voting rights) parri passu with the existing equity shares except that new equity shares will be entitled to dividend only in proportion to the amount of capital paid up thereon and for period during which such capital was with the company".

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board be & is hereby authorized, on behalf of the company to agree, to make and to accept such condition(s), modification(s), alteration(s) stipulated by any of the relevant authorities while according approvals, consents or permissions to the issue as may be considered necessary, proper & expedient and to prescribe form of application, to issue offer document, to appoint advisor(s), consultant(s), Manager(s), Registrar(s) to the issue and other Agencies as may be deemed expedient, for aforementioned issue and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection with such issue/allotment/placement.

RESOLVED FURTHER THAT the Board be & is hereby authorized to delegate all or any of the powers herein confirmed to any committee of Directors or Managing Director and/or an any officer or officers of the company to give effect to said resolution.

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 read with schedule XIII and other applicable provision if any of the Companies Act, 1956 and subject to such approvals as may be necessary, including the approval of the Central Government, the consent of company be & is hereby accorded for increase in remuneration of Mr. A.K. Mittal, Managing Director of the company with such perquisites, benefits & allowances as given below, with liberty to the Board of Directors to make and/or accept any variation in the said terms and conditions within in maximum limits stipulated by this resolution :-

1. SALARY

Rs. 70,000/- per month with authority to the board to increase the salary from time to time upto a sum not exceeding Rs. 1,25,000/- per month.

2. PERQUISITES

In addition to salary, he shall also be entitled to perquisites like provision of car & telephone at residence. These will not be considered as perquisites.

3. LEAVE TRAVEL ASSISTANCE

The Managing Director & his family shall be entitled to Leave Travel Allowance once a year.

4. RENT FREE ACCOMMODATION

The Managing Director and his family shall be entitled for rent-free accommodation.

5. Contribution to Provident Fund, Superannuation fund, Gratuity to the extent not taxable under Income Tax Act, 1961.

6. Education benefits & Reimbursement of medical expenses of Mr. A.K. Mittal & his family.

RESOLVED FURTHER that in the event of absence or inadequacy of profit in any financial year, the remuneration payable to Sh. A.K. Mittal, shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof.

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

"RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956 & other applicable provisions, if any, of the said Act, the authorized share capital of the company be increased from Rs. 8,00,00,000 (Eight Crore) divided into 60,00,000 (Sixty Lac) equity shares of Rs. 10 each & 2,00,000 (Two Lac) preference shares of Rs. 100/- each to Rs. 10,00,00,000 (Ten Crore) divided into 80,00,000 (Eighty Lac) equity shares of Rs. 10/- each & 2,00,000 (Two Lac) preference shares of Rs. 100/- each by creation of 20,00,000 (Twenty Lac) further equity shares of Rs. 10/- each, ranking parri passu in all respects with and carrying the same rights as existing equity shares.

RESOLVED FURTHER THAT clause V of Memorandum of Association of the Company be and is hereby amended by deleting the first sentence and substituting the following therefor: -

"The Authorized capital of the company shall be Rs. 10,00,00,000/- divided into 80,00,000 equity shares of Rs. 10/- each & 2,00,000 preference shares of Rs. 100/- each."

RESOLVED FURTHER THAT the Article of Association of the Company be and are hereby altered by deleting existing Article No. 3 and substituting the following therefor: -

"The Authorized Share Capital of the Company shall be Rs. 10,00,00,000/- divided into 80,00,000 equity shares of Rs. 10/- each & 2,00,000 preference shares of Rs. 100/- each."

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

RESOLVED THAT pursuant to section 192A read with Section 31 of the Companies Act, 1956, Articles of Association of the company, be & is hereby altered by insertion new article no. 76(c) as under.

'(c) Notwithstanding any thing contained in articles of association of the company, the company do adopt the mode of passing a resolution by the members of the company by means of postal ballot and/or other ways as may be prescribed by the central government in this behalf in respect of following matter:

Instead of transacting such business in a general meeting of the company:

- any business that can be transacted by the company in general meetings and
- Particularly, resolutions relating to such business as the central government may by notification declare to be conducted by postal ballot.

The company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard.

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

"RESOLVED THAT pursuant to section 77A read with section 31 of the Companies Act, 1956, the Articles of Association of Company be & is hereby altered by insertion of new Article No. 61A as under.

Article No.61A

BUYBACK OF SHARE

"Notwithstanding anything contained in these articles, the Board of Directors may, if thought fit, buy-back the Company's own shares and others securities as it may deem expedient, on such terms & conditions, subject to the limits and approvals, as may be permitted and/or required by laws, rules, regulation and guidelines."

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

RESOLVED THAT subject to relevant provisions of the Companies Act 1956, Securities & Exchange Board of India Act, if any and Rules and Regulations made thereunder and further subject to approval, consents & permission and sanctions of such authorities as may be required in this regard, the consent of the company be & is hereby accorded to the Board of Directors of the Company to move application for delisting of the shares of the Company for Stock Exchanges at Delhi & Mumbai and to comply with all necessary procedure, Rules & Regulations as may be required in this regard by SEBI, Stock Exchange, Company Law Board and any other authority in this connection.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board be & is hereby authorised on behalf of the Company to agree, to make and to accept such conditions(s), modification(s), alteration(s) as may be stipulated by any of the relevant authorities while according such approvals, consents or permissions and as may be considered necessary, proper & expedient and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in this connection.

RESOLVED FURTHER THAT the board be & is hereby authorised to delegate all or any of the powers herein confirmed to any committee of Directors or Managing Directors and/or any officer or officers of the company to give effect to said resolution.

NOTES :-

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS 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 20th September 2002 to Saturday the 21st September 2002 (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 name appear on the Registrar of Members as on 20th September, 2002.
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,

Place : New Delhi

Dated : 17/08/2002.

Sd/-
A. K. Mittal
(Managing Director)

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 6**

With a view to part finance the expansion/diversification plans/ working capital requirements of the company, strategic investments of the company, it is proposed to offer/issue /allot, subject to such sanctions as may be necessary, Equity shares at such terms as mentioned in the resolution to the members of the company.

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.

Therefore Directors recommended right issue to the existing share holders, in terms of resolution set out in Item No. 6 of notice of AGM.

Your Directors recommend for the approval of the resolution set out in Item No. 6 of the Notice of Annual General Meeting

Directors may be interested in the resolution to the extent, they are allotted shares in the Company.

ITEM NO. 7

Keeping in view the depressed equity market conditions, if the company is not able to come out with Right issue as set out in Item No. 6, then Company may come out with preferential issue under Section 81(1A) of the Companies Act, 1956.

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 provisions of Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 approval of shareholder(s) is sought by way of special resolution for the proposed issue/offer of Equity shares/Preference shares of the aggregate Face value of which shall not exceed Rs. 3,00,00,000. The Equity shares so issue shall not be issued at a price lesser than as worked out as per SEBI Guidelines for preferential allotment.

The allotment pursuant to the said preferential issue shall be completed with in three months from the date of passing the resolution in Annual General Meeting.

The object of the issue is to part finance the expansion/diversification plans/ working capital requirements of the company, strategic investments of the company.

Relevant Date for the purpose of the above preferential issue (in terms of SEBI Guideline for preferential issue) shall be 22nd August, 2002.

The company intends to allot these shares to following persons:

S No.	Name	Category	% of holding in post-issue capital
1.	Dr. V.K. Jindal	Non Resident Indian	16.7 %
2.	Mrs. Ranjana Jindal	Non Resident Indian	16.7 %

The shares issued pursuant to above resolution may also be subscribed by any of the Directors of the company/ their relatives and/or their Business Associates.

Your Directors recommend for the approval of the resolution set out in Item No. 7 of the notice of Annual General Meeting

All the Directors of the company may be deemed to be concerned or interested in the resolution to the extent equity shares are offered to them or to their relatives or entities in which they may be interested.

ITEM NO. 8

Mr. A. K. Mittal is Managing Director of the company since 1995. His enterprising ability, good business acumen, drive and determination has made A. K. Capital Services a success story. The company has grown multifold under his leadership.

In recognition of the contribution of Mr. A. K. Mittal to the performance and growth of the company, the Board considers it appropriate that his remuneration be revised as set out in the resolution.

After obtaining the approval of members the Board will move the necessary application to the concerned authorities, if required for their approval in order to bring into effect the aforesaid resolution.

Your Directors recommend for the approval of the resolution set out in Item No. 8 of the notice of Annual General Meeting

None of the Directors except Mr. A. K. Mittal and Mrs. Anshu, who is related to Mr. A K Mittal, is concerned or interested in the said resolution.

ITEM NO. 9

The present Authorized share Capital of the company is Rs. 8,00,00,000 (Eight Crores) divided into 60,00,000 (Sixty lakhs) equity shares of Rs. 10/- each and 2,00,000 (Two lakhs) preference shares of Rs. 100 each. As your directors propose to make preferential allotment and/or right issue of equity shares, the subscribed and paid-up equity capital of the company would be increased beyond the present Authorized equity share capital of the company and therefore it is considered necessary to increase the Authorized share capital of the company to Rs. 10,00,00,000 (Ten Crores) and consequently clause V of the memorandum of association and Article 3 of the Article of Association of the company would require to be suitably altered.

Your Directors recommend for the approval of the resolution set out in Item No. 9 of the notice of Annual General Meeting

None of the Directors in any way is concerned or interested in the resolution.

ITEM NO. 10

Pursuant to Section 192A of the Companies Act, 1956 or any modification(s) thereof, and guidelines regarding passing of resolution through postal ballot, it is to be proposed to insert new article No. 76(c) in the Article of Association of the company as set out in the proposed resolution to enable the company to pass any resolutions through the method of postal ballot, if necessary.

Pursuant to Section 31 of the Companies Act, 1956 the amendment in Articles of Association of the company requires approval of members by Special resolution.

Your Directors recommend for the approval of the resolution set out in Item No. 10 of the notice of Annual General Meeting

None of the Directors in any way is concerned or interested in the resolution.

ITEM NO. 11

Pursuant to Section 77A of the Companies Act, 1956 or any modification(s) thereof, it is to be proposed to insert new article No. 61A in the Article of Association of the company as set out in the proposed resolution to enable the company to buy-back its own shares or other specified securities, if necessary. This is only an enabling provision to facilitate buy-