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11th

ANNUAL REPORT 2003-2004

A.K. CAPITAL SERVICES LIMITED

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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

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REGISTRAR & SHARE TRANSFER AGENT

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

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NOTICE

Notice is hereby given that Eleventh 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, 18th September 2004** at **9:30 A.M.** to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31.03.2004, Profit and Loss Account for the year ended on 31.03.2004, 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 **Mrs. Anshu** who is going to retire by rotation and being eligible offer herself for reappointment.
4. To appoint a Director in place of **Mrs. Shyam Lata Garg** 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 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) 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 and 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 (hereinafter referred to as 'the Board'), the consent of the company be and is hereby accorded to the Board of Directors of the Company to create, offer and issue Preference shares (Redeemable, Cumulative or Non-cumulative) on such basis as the Board of Directors may deem fit and proper for an aggregate amount which shall not exceed Rs. 10 crores and on such term and conditions (including premium) on the Preference shares and the person to whom the same may be issued, whether or not they be members of the company, whether on right basis or by prospectus or in such other manner as may be decided by the Board 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/dates as the Board may at its sole discretion think fit and proper and subject to such modification thereof as may determined by the Board of Directors and approved or permitted by the concerned authorities.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised, on behalf of the company, to do all such acts, deeds, matter and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection with such issue/allotment.

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

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

"**RESOLVED THAT**, subject to the applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted hereinafter), the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (herein after referred to as 'said regulations') and subject further to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, 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 thereof for the time being exercising the powers conferred on the Board by this resolution), consent of the company, in terms of Regulation 6.1 read with 5.2 of the said regulations, be & is hereby accorded to the Board, to get the company's equity shares delist from The Delhi Stock Exchange Association Limited".

RESOLVED FURTHER THAT for the purpose of giving effect to aforesaid resolution, the Board be and is hereby authorised to do all such acts and things as it may consider necessary or expedient."

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 reappointment of Mr. A.K. Mittal, as Managing Director of the company for a further period of 5 years w.e.f. 1st April, 2005 and to increase his remuneration as setout below:

1. **SALARY**

   Rs. 125000/- per month with authority to the board to increase the salary from time to time upto a sum not exceeding Rs. 225000/- 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 ALLOWANCE**

   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 THAT 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.

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

"RESOLVED THAT subject to the applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted hereinafter), Listing agreements entered into with stock exchanges where the shares of the company are listed and Securities and Exchange Board of India Act, 1992, SEBI (Mutual Fund) Regulations, 1996 & all other applicable laws, rules, regulations and guidelines and subject further to such approvals and sanctions as may be required, the consent of the Company be and is hereby accorded to act as sponsor, acting alone or in combination with another person to establish a mutual fund and/or to act as sponsor in the existing mutual fund.

FURTHER RESOLVED THAT consent of the company be and is hereby accorded to form an asset management company and/or to invest in the existing asset management company.

FURTHER RESOLVED THAT for the purpose of giving effect to aforesaid resolution, the Board be and is hereby authorised to do all such acts and things as it may consider necessary or expedient."

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 form 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, in respect of items no. 6, 7, 8 & 9 of the Notice.

5. The Register of Members of the Company and Share Transfer Books of the Company will remain closed from Friday the 17th September & 18th September 2004 (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 Register of Members as on 17th September 2004.

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

7. Details under clause 49 of the listing agreement with the stock exchanges, in respect of Director seeking re-appointment is also specified as an annexure to the notice.

By the order of the Board,
Sd/-
A. K. Mittal
(Managing Director)

Place : New Delhi
Dated : 04.08.2004

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Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

1. Item No. 6

With a view to part finance the expansion/diversification plans/ working capital requirements of the company, it is proposed to offer/issue/allot preference shares of the company at such terms as mentioned in the resolution specified in Item no. 6 of the Notice.

Pursuant to Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 approval of the shareholders is sought by way of special resolution for the proposed issue of Preference shares the aggregate face value of which shall not exceed Rs. 10 crores.

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

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

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

2. Item No. 7

The Company's shares are at present listed at Delhi Stock Exchange Association limited and The Stock Exchange, Mumbai. The trading volume of company's shares at Delhi stock exchanges is negligible. Owing to such lack of liquidity in the shares of the company, the members of the company have not been able to enjoy the benefits of listing.

Securities and Exchange Board of India through its SEBI (Delisting of Securities) Guidelines 2003 has allowed the companies to delist its securities from any Stock Exchange in India provided the securities shall continue to remain listed either at Mumbai or National Stock Exchange.

The company through the proposed resolution seeks approval of members by special majority for voluntary delisting of Company's shares from Delhi Stock Exchange under Regulation 6.1 read with Regulation 5.2 of aforesaid guidelines. Under the present scenario continued listing of company's shares at Delhi stock Exchange is not considered necessary. The proposed delisting would contribute to reduction in administrative cost/efforts of the company.

The Board recommends the approval of resolution by the members by way of special majority.

None of the Directors of the company is concerned or interested in the resolution at Item No. 7.

3. Item No. 8

The tenure of appointment of Sh. A.K. Mittal as Managing Director of the Company g ıg to expire on 31st March, 2005. In view of his vast experience and contribution to the company's bu. ess, the Board of Directors elected Sh. A.K. Mittal as Managing Director of the Company, subject to e approval of the members, for a further period of five years w.e.f 01/04/2005.

Sh. A.K. Mittal shall not be subject to retirement by rotation during the tenure in office as Managing Director of the company.

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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 setout in the resolution.

Your Directors recommend for the approval of the resolution setout 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.

4. **Item No. 9**

With a view of expansion plan of the company it is proposed to sponsor a new mutual fund and/or to become sponsor of the existing mutual fund and/or to form an asset management company and/or investment in the existing asset management company, approval of the shareholders is sought by way of special resolution in the forthcoming Annual General Meeting of the company.

The Board recommends the approval of resolution specified in item no. 9 of the notice by way of special resolution.

Mr. A.K. Mittal, Mrs. Anshu are deemed to be interested in this resolution as they may invest in the asset management company and/or become the directors of asset management company.

No other director is deemed to be concerned or interested in the resolution.

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By the order of the Board,
Sd/-
A. K. Mittal
(Managing Director)

Place : New Delhi
Dated : 04.08.2004

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Annexure to the Notice

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (in pursuance of clause 49 of the listing agreement)

Name of the Director	Mrs. Anshu	Mrs. Shyam Lata Garg
Age	46 Years	66 Years
Date of Appointment	Since Incorporation	Since Incorporation
Expertise in specific functional Area	20 years experience in Financial Services	Ten Years Experience in Equity Market
Qualifications	B.A., Diploma in Business Administration	Basic School Education
List of companies in which Directorship is held on 31.03.2004	(i) Second Leasing (P) Ltd. (ii) A.K. Capital Markets Ltd.	NIL

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DIRECTOR'S REPORT

To,

The Members,

Your Directors have great pleasure in placing before you the 11th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March 2004.

FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

	ENDED ON 31.03.2004	ENDED ON 31.03.2003
Profit before Tax	**472.18**	228.98
Less: Provision for Income Tax	**60.00**	81.00
Less: Provision for Deferred Tax	**8.30**	16.95
Profit after Tax	**403.88**	131.03
Income Tax on Dividend	**2.56**	0.09
Dividend Paid Previous Year	**25.00**	25.00
Profit Brought Forward	**108.63**	52.69
Transferred to General Reserve	**300.00**	50.00
Balance Carried forward	**184.95**	108.63

DIVIDEND

Your Directors recommend for consideration at the Annual General Meeting, declaration of dividend @ 5% on equity capital on pro-rata basis. The requisite provision for dividend has not been made in the accounts for the year ended on 31st March 2004. It is the opinion of the Board that dividend should be accountedfor after the approval of the shareholders in the forthcoming Annual General Meeting.

DIRECTORS

In accordance with Section 256 of the Companies Act, 1956 Mrs. Anshu and Mrs Shyam Lata Garg are liable to retire by rotation at ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

LISTING OF EQUITY SHARE

Equity shares of your company are listed on: -

(i) Delhi Stock Exchange.

(ii) The Stock Exchange, Mumbai.

AUDITORS

M/s Kamal Kumar Jain & Co., Chartered Accountants, New Delhi, the Company's Auditors will retire at the conclusion of ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

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