2010
2011

ANNUAL REPORT

A. K. CAPITAL SERVICES LTD.

BUILDING BONDS

CONTENTS

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 (resigned on August 9, 2010)

Kanchan Singh (w.e.f. August 9, 2010)

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 42390783, Fax: +91 11 42390830

REGISTERED OFFICE

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

CORPORATE OFFICE

30-39, 3rd Floor, Free Press House, Free Press Journal Marg, Nariman Point, Mumbai - 400 021
Tel: +91 22 66349300, Fax: +91 22 66360977

LOCATIONS OF A. K. CAPITAL SERVICES LIMITED

Ahmedabad	Hyderabad
Bangalore	Kolkata
Chennai	Mumbai
Delhi	Pune

DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present the 18th Annual Report of your Company with the Audited Accounts for the financial year 2010-11.

FINANCIAL HIGHLIGHTS

Standalone financial highlights of A. K. Capital Services Limited

(₹ in crore except per share data)

Particulars	Current year	Previous year
Total income	**156.63**	158.74
Profit before tax	**81.45**	80.00
Provision for taxes	**27.10**	25.75
Profit after tax	**54.34**	54.26
Net worth	**235.10**	185.91
Dividend including interim dividend	**3.96**	3.96
Earning per share (face value ₹ 10 per share)		
Basic (in ₹)	**82.34**	82.53
Diluted (in ₹)	**82.34**	82.53

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

(₹ in crore except per share data)

Particulars	Current year	Previous year
Total income	**166.40**	164.29
Profit before tax	**84.79**	82.99
Provision for taxes	**27.77**	26.83
Profit after tax & minority interest	**57.43**	56.14
Net worth	**243.02**	188.86
Earning per share (face value ₹ 10 per share)		
Basic (in ₹)	**87.02**	85.39
Diluted (in ₹)	**87.02**	85.39

FINANCIAL PERFORMANCE

The financial performance of your Company is elaborated in the Management Discussion and Analysis Report which forms part of this Annual Report and has been prepared in accordance with Clause 49 of the Listing Agreement of the stock exchange where the shares of the Company are listed.

AWARDS AND RECOGNITIONS

Your Company has won the 15th National Level “Entrepreneurship Excellence Award – for Development of Indian Bond Market”. The conference empowering Indian SMEs - Vision 2020 was organized by the SME Chamber of India and India International Trade Centre (IITC-India) and, was supported by the Government of Maharashtra.

DIVIDEND ON EQUITY SHARES

Your Directors recommend a final dividend of 30 % i.e. ₹ 3 per equity share (face value of ₹ 10 per equity share) on 6,600,000 equity shares for the financial year 2010-11. The amount of dividend on equity shares and tax thereon aggregates to ₹ 2.30 crore.

The payment of the aforesaid dividend is subject to the approval of the Members to be obtained at the ensuing Annual General Meeting and shall be paid to all those equity shareholders whose names appear in the Register of Members as on September 14, 2011, Wednesday. The Register of Members and Share Transfer Books will remain closed from September 15, 2011, Thursday, to September 17, 2011, Saturday, both days inclusive. The Annual General Meeting of the Company is scheduled to be held on September 17, 2011, Saturday.

During the financial year 2010-11 the Company declared and paid an interim dividend of 30% i.e. ₹ 3 per equity share (face value of ₹ 10 per equity share). The total dividend including interim dividend for the financial year 2010-11 is 60% i.e. ₹ 6 per equity share (face value of ₹ 10 per equity share).

TRANSFER TO RESERVES

The Company proposes to transfer ₹ 6 crore to the General Reserve and retain ₹ 150.14 crore to the profit and loss account.

SUBSIDIARIES

The Company had three subsidiaries at the beginning of the financial year 2010-11 namely:

A. K. Stockmart Private Limited

A. K. Capital Corporation Private Limited

A. K. Capital Finance Private Limited

One subsidiary namely A. K. Wealth Management Private Limited has been acquired during the financial year 2010-11. Consequently, the total number of subsidiaries as on March 31, 2011 is four.

On consolidated basis, your Company posted consolidated revenue of ₹ 166.40 crore and a consolidated profit after tax (after minority interest) of ₹ 57.43 crore.

In terms of the general exemption granted by the Ministry of Corporate Affairs vide Circular No. 2/2011 dated February 8, 2011, the Board of Directors of the Company had at their meeting held on August 10, 2011 approved attaching the Consolidated Financials of all the Subsidiaries of the Company along with that of the Company.

Pursuant to the aforesaid Circular, the copies of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of each of the Subsidiary Companies has not been attached to this Annual Report. The Company will make available these documents/details upon written request by any Member of the Company. These documents/details will also be available for inspection by any Members of the Company at the Registered Office of the Company and also at the Registered Office of the concerned Subsidiaries. The financial information of the Subsidiaries has been furnished under 'Statement pursuant to Section 212 of the Companies Act, 1956, related to Subsidiary Companies' and forms part of this Annual Report.

The Consolidated Financial Statements has been prepared in accordance with the Accounting Standard 21- Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006 and forms part of this Annual Report.

A statement pursuant to Section 212 of the Companies Act, 1956 is set out as an annexure to this Annual Report.

DIRECTORS

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

A brief resume of these Directors along with the nature of their expertise in specific functional areas, names of Companies in which they hold directorship and/or Membership/Chairmanship of Committees of the Board and the number of shares held by them in the Company, as stipulated under Clause 49 of the Listing Agreement is given in the notice of the ensuing Annual General Meeting.

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, 2011 and of the profit of the Company for the financial year 2010-11;
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.

VOLUNTARY DELISTING FROM DELHI STOCK EXCHANGE LIMITED (DSE)

Pursuant to resolution passed at the Board Meeting of the Company on November 1, 2010, and in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, the Company has voluntarily delisted its equity shares from Delhi Stock Exchange Limited (DSE) with effect from March 4, 2011. The equity shares of the Company are and will continue to be listed on exchange having nationwide terminals, Bombay Stock Exchange Limited (BSE).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report for the financial year 2010-11 forms part of this Annual Report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a separate section on Corporate Governance 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, (Firm Registration Number 121750W), 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 a confirmation from M/s. Suresh Surana & Associates, Chartered Accountants to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The observations and comments given by Auditors in this report read together with notes to accounts are self-explanatory and do not call for any further comments under Section 217 of the Companies Act, 1956.

PUBLIC DEPOSITS

The Company has neither accepted nor renewed any public deposits during the financial year 2010-11.

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

The provisions 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 and technology absorption are not applicable to the Company.

The Company has no foreign exchange earnings during the financial year 2010-11. The information on foreign exchange outgo is furnished in the Notes to Accounts – Schedule O, forming part of this 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, as amended from time to time, is set out as separate annexure which forms part of this Annual Report. The Annual Report of the Company is being sent to all the Members of the Company along with the aforesaid annexure.

APPRECIATION

The Board of Directors take this opportunity to express their sincere appreciation for the support and co-operation from the government, regulators, stock exchanges, bankers, other statutory bodies, etc.

The Board of Directors also put on record their sincere appreciation of the hard work and commitments put in by the management and employees of the Company and thank them for another good year for the Company.

On behalf of the Board of Directors

A. K. Mittal
Managing Director

Place : Mumbai
Date : August 10, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC SCENARIO & DEBT MARKET DEVELOPMENT

The Indian economy recovered relatively quickly from the financial crisis of 2008, but inflationary pressures emerged even in the early stages of the recovery in late 2009. The economy grew by 8.5% in the fiscal year 2010-11 due to significant reduction in industrial growth and moderation in services growth led to a notable slowdown in overall GDP growth to 7.8% in Q4 FY11. However, the headline inflation was over 9.0%, well above tolerance limits.

Persistent high inflation and the resultant rise in interest rates may further weigh upon the industrial investment and may also dampen consumer demand.

Globally, the momentum of recovery appears to be stalling amidst concern over high oil and commodity prices, the Middle East political strife, Japanese earthquake, sovereign debt problems in the Euro zone and the impasse on the fiscal and debt problems in the US.

A significant pick-up in exports, supported by a strategy of trade diversification in composition and direction, and strong software services exports, helped in moderating the Current Account Deficit (CAD) during 2010-11. Going forward, CAD is expected to remain manageable. However, risks to current account persist from a slowdown in global growth.

Liquidity conditions, though still in a deficit mode, have eased during the first quarter of 2011-12. The increase in deposit rates by banks helped deposit growth to pick-up, which eased the structural liquidity gap.

By taking a look on the ASIAN bond market dynamics, prior to the global crisis of 2008, the rapid growth in Asia's emerging domestic bond was due to the strong growth performance and favorable longer term prospects for the region.

However, with post crisis recovery, domestic bond issuance in most of the developing markets remains costly with series of anti-inflationary monetary stances adopted by the respective Central Banks to curb the inflationary pressure.

In India, the primary issuances in the corporate bond market increased to ₹ 172,138 crore in FY 2010-11 against ₹ 171,165 crore in FY 2009-10. (Source: Prime Database)

With rising interest rate scenario, successive transmission on bank's base lending rates, government's effort to tap the retail investors segment in to the bond market, more issuances are expected to hit the Indian bond market going forward.

The key role of the debt markets in the Indian Economy stems from the following reasons:

- Efficient mobilization and allocation of resources in the economy.
- Financing the development activities of the Government.
- Transmitting signals for implementation of the monetary policy.
- Facilitating liquidity management in tune with overall short term and long term objectives.

Since the Government Securities are issued to meet the short term and long term financial needs of the government, they are not only used as instruments for raising debt, but have emerged as key instruments for internal debt management, monetary management and short term liquidity management.

The returns earned on the government securities are normally taken as the benchmark rates of returns and are referred to as the risk free return in financial theory. The Risk Free rate obtained from the G-sec rates are often used to price the other non-govt. securities in the financial markets.

The benefits of an efficient Debt Market to the financial system and the economy are as under –

- Reduction in the borrowing cost of the Government and enable mobilization of resources at a reasonable cost.
- Provide greater funding avenues to public-sector and private sector projects and reduce the pressure on institutional financing.
- Enhanced mobilization of resources by unlocking illiquid retail investments like gold.
- Development of heterogeneity of market participants.
- Assist in development of a reliable yield curve and the term structure of interest rates.

The Retail Debt Market is set to grow tremendously in India with the broadening of the market participation and the availability of a wide range of debt securities for retail trading through the Exchanges.

The following are the trends, which will impact the Retail Debt Market in India in the near future:

- Expansion of the Retail Trading platform to enable trading in a wide range of government and non-government debt securities.
- Introduction of new instruments like STRIPS, G-Secs, with call and put options, securitised paper, etc.
- Development of the secondary market in Corporate Debt.

- Introduction of Interest Rate Derivatives based on a wide range of underlying in the Indian Debt and Money Markets.
- Development of the Secondary Repo Markets.

The Indian Debt Market foresees the markets growing in leaps and bounds in the near future, soon attaining global standards of safety, efficiency and transparency. This will truly help the Indian capital markets to attain a place of pride among the leading capital markets of the world.

OUR BUSINESS

The Group commenced operations in October 1993 by incorporating A. K. Capital Services Private Limited, which subsequently changed to A. K. Capital Services Limited (AKCSL) on December 21, 1994. The Company got registered with Securities and Exchange Board of India (SEBI) as Category I Merchant Banker in the year 1998. Over the period of 15 years the Company progressed to gain position among top 5 participants in Indian debt market. The merchant banking activities are conducted in AKCSL which involves corporate debt raising through private placement of bonds and debentures, initial public issue of bonds and debentures, project financing, working capital financing, financial advisor, etc. AKCSL also invests in bonds out of its surplus funds and/or for fulfilling merchant banking obligations and generates investment income and interest income.

The group consists of four subsidiaries and conducts its operations through a branch network of 8 offices in 8 cities of India. The Company diversified into number of financial service businesses by setting up subsidiaries. A. K. Capital conducts its business of stock broking, IPO distribution, third party product distribution and depository services through its subsidiary A. K. Stockmart Private Limited (AKSM). AKSM is SEBI registered NSE and BSE stock broker governed by SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and is SEBI registered Depository participant with CDSL. AKSM is also registered with SEBI Wholesale Debt Market Segment.

The Non Banking finance activities are conducted through A. K. Capital Finance Private Limited (AKCF) which is registered with Reserve Bank of India as Non Banking Finance Company not accepting public deposits. AKCF is into lending to corporates & others, investment and trading in debt securities and investment in shares.

During the FY 2010-11 A. K. Wealth Management Private Limited (AKWM) became subsidiary of AKCSL. AKWM got registered with SEBI as Portfolio Management Service provider governed under SEBI (Portfolio Mangers) Regulations, 1993. The Portfolio management services will be provided by the group through AKWM.

FINANCIAL PERFORMANCE

Consolidated Financial Highlights

The consolidated total income was increased to ₹ 166.40 crore in FY 2010-11 as compared to ₹ 164.29 crore in FY 2009-10. The Profit after tax and minority interest was ₹ 57.43 in FY 2010-11 as compared to ₹ 56.14 crore in FY 2009-10. Basic EPS was ₹ 87.02 and Diluted EPS was ₹ 87.02 in FY 2010-11 as compared to ₹ 85.39 and ₹ 85.39 in FY 2009-10 respectively.

Standalone Financials

The merchant banking fees was ₹ 84.50 crore during FY 2010-11 as compared to ₹ 75.72 crore during FY 2009-10, registering growth of 11%. Merchant banking fee income primarily includes fund raising fees from clients, financial advisory fees and third party referral fees. High credit demand and increased business activity in the corporate sector due to economic recovery resulted in an increase in fees from corporate clients. Increased demand from corporates for raising funds from bond market also contributed in the rise in merchant banking fees of the Company.

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 its surplus funds mostly into rated debt securities. The Investment income comprises of income from sale of investments acquired out of its surplus funds and/or to fulfill merchant banking obligations. Investment income for FY 2010-11 was ₹ 67.22 crore as compared to ₹ 80.34 crore in FY 2009-10. During the FY 2010-11 the debt securities was impacted by increase in interest rates.

The profit after tax for FY 2010-11 was ₹ 54.34 crore as compared ₹ 54.26 crore in FY 2009-10. A stable performance in FY 2010-11 by the Company even after the high interest rate and tight liquidity conditions demonstrates the Company's ability to perform across cycles in consistent manner and yet be able to convert growth opportunities into business whenever they re-emerge.

Employee expenses increased by 17% to ₹ 15.04 crore in FY 2010-11 from ₹ 12.83 crore in FY 2009-10. Employee expenses increased primarily due to addition of employees, annual increase in salaries. Administrative, selling and other expenses primarily include rent, taxes, lighting, advertisement and publicity, repairs and maintenance, professional fees, sub arrangers fees, etc. Administrative, selling and other expenses decreased by 7% to ₹ 49.01 crore in FY 2010-11 from ₹ 52.72 crore in FY 2009-10. The decrease in administrative, selling and other expenses was primarily due to overall cost reduction initiatives. There was reduction in rent expenses, traveling and conveyance expenses, legal and professional fees, etc. The income tax expenses (including wealth tax) increased by 5% to ₹ 27.10 crore in FY 2010-11 from ₹ 25.75 crore in FY 2009-10.

The Company has maintained a strong and liquid balance sheet. Equity share capital and reserves increased to ₹ 235.10 crore in FY 2010-11 from ₹ 185.91 crore in FY 2009-10 primarily due to ploughing back current year profits (after provision of proposed dividend) back into the business. The Book Value per share rose to ₹ 356.22 in FY 2010-11 from ₹ 281.68 in FY 2009-10. The Current liabilities and provisions decreased to ₹ 83.95 crore in FY 2010-11 from ₹ 87.12 crore in FY 2009-10. During the year the gross block of fixed assets increased by ₹ 1.50 crore to ₹ 47.18 crore. The investment decreased to ₹ 144.52 crore in FY 2010-11 from ₹ 160.11 crore in FY 2009-10. The decrease was primarily due to decrease in investment in debt securities. The Debtors increased to ₹ 65.88 crore in FY 2010-11 from ₹ 4.48 crore in FY 2009-10. The Cash and bank balance decreased to ₹ 4.47 crore in FY 2010 -11 from ₹ 7.10 crore in FY 2009-10. The loans and advances increased to ₹ 96.82 crore in FY 2010-11 from ₹ 80.23 crore in FY 2009-10.

Outlook and Strategy

Today, A. K. Capital Services Limited is a well established brand in the financial services space. Our corporate values, execution, in-depth product knowledge and integrity have helped us to grow our business manifold in last one and half decade. The group's strength originates primarily from its main mantra - building bonds and relationships. Our experienced top and middle management and their experience of operating through various market cycles positions us as one of the strongest market player having capability to face the ever evolving market dynamics and capitalize on market opportunities.

India is one of the largest emerging economies in the world. The country posted growth in GDP even during the global financial crises. Besides conventional mode of bank financing, the country requires innovative funding solutions to optimize cost of funds for growth of infrastructure and other key sectors. Banks and Financial Institutions would need to shore up their capital base through innovative capital structures to meet the ambitious disbursement targets. Bond markets would flourish to gain a lion's share in the Indian financial markets. The regulatory authorities such as Reserve Bank of India, Securities Exchange Board of India, etc have been proactively extending support to lay down regulatory framework and standards for smooth functioning of bond markets in the country. In FY 2010-11, the volume of primary market bond placements stood at ₹ 172,138.53 crore as against ₹ 171,165.46 crore in FY 2009-10 wherein the market share of AK Capital improved from 28.1% to 31.1% (Source: Prime database).

AK Capital always believes in expanding business through diversified revenue streams. We believe that growth of Indian economy would provide rising opportunities to the Company in terms of debt as well as capital raising. Regulatory initiatives such as interest rate futures, online trading platform for corporate bonds, credit default swaps, repo in corporate bonds, standardization of disclosure norms, would deepen the market size of corporate bonds and we should see rising number of public issues of debt which would percolate the cult of fixed income securities to emerging high networth individuals, corporates and other retail investors.

AK Capital clearly emphasizes on increasing its market share in India's expanding financial service industry by following a diversified business model spread across the various facets of the industry. The strategy revolves around continuously developing new and innovative products/ services that reduces the cost of borrowing for the issuer and optimizes benefits to the investors.

OPPORTUNITIES AND CHALLENGES

Opportunities

- It may be observed that size of debt markets is many times the size of equity markets in developed economies. Indian economy being one of largest emerging economy is certain to witness exponential growth in size and depth of bond markets.
- Introduction of screen based trading in debt securities would give impetus to growth of market size. Participation in fixed income securities that was largely restricted to institutional investors is percolating to the retail individual investors.
- Regulatory initiatives such as interest rate futures, online trading platform for corporate bonds, credit default swaps, repo in corporate bonds, standardization of disclosure norms have thrown a host of opportunities in terms of structuring of transactions as per requirements of varied investor segments.
- With evolution and transformation of the debt markets, number of new corporates are likely to raise debt through bond route and at the same time the investors' segments shall also expand exponentially to cater from institutions to retail investors.

Challenges

- Like any other market, bond markets are subjected to volatility in interest rates.
- Like any other market, our operations remain vulnerable to fierce competition thereby affecting margins.

HUMAN RESOURCES

The Company recognizes that its success is deeply embedded in the success of the human resources. The Company has significantly scaled up its activities through investment in people and infrastructure. The Company nurtures employees as its critical assets through healthy working atmosphere that ensures equal opportunity for growth and challenge to all the employees. The Company believes in creating business leaders by employing best talent in the industry, providing opportunities, empowerment by delegations, training and taking care of their growth.

RISK MANAGEMENT

A. K. Capital Services Limited focuses on 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 and also registered with SEBI Wholesale Debt Market Segment. AK Capital conducts non banking financing activities through its subsidiary, A. K. Capital Finance Private Limited, which is registered with Reserve Bank of India as Non Banking Finance Company not accepting public deposits. A. K. Wealth Management Private Limited, another subsidiary of AK Capital, is SEBI registered Portfolio Manager governed under SEBI (Portfolio Managers) Regulations, 1993.

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 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, Internal Audit Department and Compliance Department of the Company. 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, which is 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 that 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 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.