

November 19, 2012

**CARE ASSIGNS 'CARE A+ (SO) RATING TO LONG-TERM BANK FACILITIES OF
A.K. CAPITAL FINANCE PVT. LTD.**

Facility	Amount (Rs. Crore)	Ratings ¹	Remarks
Long-term Bank Facilities (Working Capital Demand Loan)	150	CARE A+ (SO) [Single A Plus (Structured Obligation)]	Assigned

CARE has assigned 'CARE A+ (SO)' [Single A Plus (Structured Obligation)] rating to the long-term bank facilities of A.K. Capital Finance Pvt. Ltd. (AKCFPL) aggregating to Rs.150 crore.

The rating is based on an unconditional and irrevocable Corporate Guarantee issued by the parent company, A.K. Capital Services Ltd (AKCSL) for the repayment obligations of the bank facilities.

The rating factors in AKCSL's long and established presence as a merchant banker in the debt market segment, its highly experienced management team, strong institutional client base and good solvency position of the company.

However the rating is constrained by potential income volatility due to dependence on debt capital markets, high client concentration risk and exposure to market risk on its bond portfolio.

Competitive scenario and position of the company, business diversification, profitability and capital adequacy are key sensitivities.

Company Profile

A.K. Capital Finance Private Ltd. (AKCFPL) is a RBI-registered Non-Deposit taking NBFC and is a 98% subsidiary of A.K. Capital Services Ltd. (AKCSL). AKCFPL purchases debt securities in the primary market and retails them out to institutions like Provident Funds, Banks, Insurance Companies, Mutual Funds and Corporates. The company also earns fees on distribution of Debt IPOs and forayed into the corporate loan segment in FY11 (refers to the period April 01 to March 31). In FY12, AKCFPL reported PAT of Rs.5.5 crore on a total income of Rs.18.3 crore. As on March 31, 2012, Tangible Networth of AKCFPL stood at Rs.189.4 crore.

About the Guarantor - A.K. Capital Services Ltd (AKCSL)

AKCSL is a SEBI-registered Category I Merchant Banker. The company was incorporated on October 5, 1993, as a private limited company promoted by Mr A.K. Mittal and subsequently was converted into a Public Limited Company in September 1994. The company has been providing merchant banking services for over 15 years and is a leading player in the corporate debt market segment. AKCSL's primary activities include Merchant Banking, Investment Banking and Third Party Product Distribution. The company's Merchant Banking Services include fee-based advisory and arranging services of financial securities and also the underwriting services. The company placed approximately Rs.86,601 crore of debt issues in FY12. As on March 31, 2012, AKCSL's gearing level was comfortable at 0.73 times with a Net-worth of about Rs.274 crore.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications

In FY12, the company reported PAT of Rs.38.3 cr on a total income of Rs.198.5 cr.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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