

December 13, 2012

**CARE ASSIGNS 'CARE A1+' RATING TO CP PROGRAMME OF  
A.K. CAPITAL FINANCE PVT. LTD.**

Facility	Amount (Rs. Crore)	Ratings <sup>1</sup>	Remarks
Commercial Paper	100	CARE A1+ [Single A One Plus]	Assigned

**Rating Rationale**

The rating factors in the strategic importance of A.K. Capital Finance Pvt. Ltd. (AKCFPL) to its parent and majority shareholder, A.K. Capital Services Ltd. (AKCSL), given the strong operational, financial and brand linkages between the two companies. The rating is supported by AKCSL's established presence in the debt market segment, highly experienced management team and strong institutional client base. The rating is further supported by AKCFPL's strong capitalization and comfortable liquidity profile. The rating is, however, constrained by potential income volatility due to exposure to the market risk of bond portfolio and low seasoning of its corporate loan portfolio. Integration of the parent, AKCSL with the company and its continued support, leverage & profitability are the key rating 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. Consolidated financials of the parent company have also been considered.

**About the Parent Company - 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.

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

In FY12, on a consolidated basis, AKCSL reported PAT of Rs.38.3 crore on a total income of Rs.198.5 crore. As on March 31, 2012, AKCSL's gearing level was comfortable at 0.73 times with a Net-worth of about Rs.274 crore.

**Analyst Contact**

Name: Abhinav Sharma

Tel # 022-6754 3508

Email: abhinav.sharma@careratings.com

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director  
Mobile : +91-98204 16002  
E-mail : [dr.dogra@careratings.com](mailto:dr.dogra@careratings.com)

**Mr. Suryanarayan Iyer Rangaswamy**

Senior Vice President – Marketing  
Mobile: +91 9867365827  
mail: [R.Suryanarayan@careratings.com](mailto:R.Suryanarayan@careratings.com)

**Mr. Rajesh Mokashi**

Dy. Managing Director  
Mobile +91-98204 16001  
E-mail: [rajesh.mokashi@careratings.com](mailto:rajesh.mokashi@careratings.com)

**Mr. Ankur Sachdeva**

Vice President – Banks & Financial Services  
Mobile: +91-9819698985  
Email [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)

**CREDIT ANALYSIS & RESEARCH LTD**

**HEAD OFFICE** 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 |Tel: +91-022- 6754 3456 | E-mail: [care@careratings.com](mailto:care@careratings.com) | Fax: +91-022- 6754 3457.

**KOLKATA** | **Ms. Priti Agarwal** | Cell: +91-98319 67110 | Tel: +91-33- 4018 1600/ 1602 | E- mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com) | 3rd Flr., Prasad Chambers (Shagun Mall Bldg), 10A, Shakespeare Sarani, Kolkata -700 071

**CHENNAI** | **Mr. V Pradeep Kumar** | Cell: +91 9840754521 | Tel: +91-44-2849 7812/2849 0811 | Fax: +91-44-2849 0876 | Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com) | Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002

**AHMEDABAD** | **Mr. Mehul Pandya** | Cell: +91-98242 56265 | Tel: +91-79-40265656 | Fax: +91-79-40265657 | E-mail:[mehul.pandya@careratings.com](mailto:mehul.pandya@careratings.com) | 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015.

**NEW DELHI** | **Ms. Swati Agrawal** | Cell: +91-98117 45677 | Tel: +91- 11- 2331 8701/ 2371 6199 | E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com) | 3<sup>rd</sup> Floor, B -47, Inner Circle, Near Plaza Cinema, Connaught Place, New Delhi - 110 001.

**BENGALURU** | **Mr. Dinesh Sharma** | Cell: +91 9900041975| Tel: +91-80-22117140 | E-mail: [dinesh.sharma@careratings.com](mailto:dinesh.sharma@careratings.com) | Unit No. 8, I floor, Commander's Place, No. 6, Raja Ram Mohan Roy Road, (Opp. P F Office), Richmond Circle, Bangalore - 560 025.

**HYDERABAD** | **Mr. Saikat Roy** || Tel: +91-40-40102030 | E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com) | 401, Ashoka Scintilla | 3-6-520, Himayat Nagar | Hyderabad - 500 029.

**PUNE** | **Mr. Rahul Patni** | Cell: +91-78754 33355 | Tel: +91-20- 4000 9000 | E-mail: [rahul.patni@careratings.com](mailto:rahul.patni@careratings.com) | 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015.

**JAIPUR** | **Mr. Rahul Jain** | Cell: +91-9314921496| Tel: +91-0141-4020213/14 | E-mail: [rahul.jain@careratings.com](mailto:rahul.jain@careratings.com) |304, Pashupati Akshat Height, s Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park , Jaipur – 302016.