

skp securities limited

**annual
report**

2004-2005

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CHARTER MEMBER

Financial Planning Standards Board, India

MEMBER

National Stock Exchange of India Ltd
The Stock Exchange, Mumbai*
National Commodities & Derivatives Exchange Limited**

DEPOSITORY PARTICIPANT

National Securities Depositories Ltd.
Central Depository Services Ltd.

AMFI REGISTERED MUTUAL FUND ADVISOR

Association of Mutual Funds in India

INSURANCE ADVISORS/CORPORATE AGENTS***

Life Insurance Corporation of India
ICICI Prudential Life Insurance Co Ltd
Birla Sunlife Life Insurance Co Ltd
Metlife Life Insurance Co Ltd

*Applied for

**Applied for in a subsidiary company,

***Separate associate entities

OUR CLIENT SEGMENTS

Banks
Insurance Companies
Asset Management Companies (Mutual Funds)
Corporates & Business Houses
Charitable/Educational/Health Institutions
Non-Profit Organisations
Provident Funds
Individuals from all socio-economic strata

OUR SERVICES

Financial Planning & Prosperity Management
Equities & Derivatives
Mutual Funds
Life Insurance Advisory
Depository Services
Bonds & Tax Planning Instruments
Initial Public Offers

S K Pachisia
1938-2004

Founder of the
company, left for
his heavenly abode
on 10th September
2004



Emergence of our New Corporate Personality

New markets and new client segments. Time for a new corporate personality, new logo, new symbol, new colors, to truly reflect our growth and vigour. To truly reflect what SKP does – using its knowledge and wisdom acquired over decades of experience, to help people to be moneywise, creating a sense of prosperity in them, bringing happiness to their lives.

Board of Directors

Surender Kumar Pachisia*

Vice Chairman & Wholetime Director

G.L. Sultania

Independent, Non-executive

Kishore Bhimani

Independent, Non-executive

R.L. Kapur

Independent, Non-executive

Ram R Tavargeri

Independent, Non-executive

Sanjay Chamria**

Independent, Non-executive

Naresh Pachisia

Managing Director

Rajesh Pachisia

Managing Director

* Demised on 10th September, 2004

** Appointed as Additional Director on
23rd April, 2005

Auditors

U.S. Agarwal & Associates

42/1, B.B. Ganguly Street

Kolkata – 700 012

Bankers

HDFC Bank Ltd

United Bank of India

Registered Office & Address for Correspondence

308 Shantiniketan

8, Camac Street

Kolkata – 700 017 India

Phone (033) 22821500 Fax (033) 22827553

E-Mail – cs@skpsecurities.com

Mumbai Office

73C, Mittal Court (C-Wing)

Nariman Point

Mumbai 400 021 India

Phone (022) 2281 9012 Fax (022) 2283 0932

E-Mail – mumbai@skpsecurities.com

Registrar & Share Transfer Agent

Maheshwari Datamatics (P) Ltd

6, Mangoe Lane (2nd Floor)

Kolkata – 700 001

Phone (033) 2248 2248

Company Secretary & Compliance Officer

Purushottam Kejriwal

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NOTICE**TO THE MEMBERS OF SKP Securities Limited**

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of SKP Securities Limited will be held at Merchants' Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata – 700 001, on Saturday, the 30th day of July 2005, at 10.30 A.M. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March 2005.
3. To appoint a Director in place of Shri Ram R Tavergeri, who retires by rotation.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

M/s U.S. Agarwal & Associates., Chartered Accountants, Kolkata, Auditors of the Company retire at the conclusion of the ensuing Annual general Meeting of the Company and have offered themselves for reappointment.

M/s U.S. Agarwal & Associates., Chartered Accountants have confirmed that their appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

Special Business

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution:

“RESOLVED THAT Mr. Sanjay Chamria, who was appointed as an Additional Director of the Company by the Board of Directors and hold office upto the date of this meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed a Director of the Company, liable to retire by rotation.”

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution:

"RESOLVED that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force, the Authorised Share Capital of the Company, be and is hereby increased from Rs. 6,00,00,000/- (Rupees Six Crores) divided into 60,00,000 Equity Shares of Rs. 10/- each to Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 100,00,000 Equity Shares of Rs. 10/- each and that the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital, be and is hereby altered by deleting the same and substituting instead, the following Clause:

- V. "The Authorised Share capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 100,00,000 Equity Shares of Rs. 10/- each with rights, privileges, and conditions attaching thereto as are provided by regulations of the Company for the time being with power to increase and reduce the capital of the Company and to divide the share in the capital for the time being into several classes and to attach thereto, respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or condition in such manner as may for the time being be provided by the regulation of the Company."

Registered Office:
308, Shantiniketan
8, Camac Street,
Kolkata - 700 017.
Dated 23rd April, 2005

By order of the Board

PURUSHOTTAM KEJRIWAL
Company Secretary

Notes:

1. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. The Register of Members and Share Transfer books of the Company shall remain closed from 21st July 2005 to 28th July 2005 (both days inclusive) for the purpose of Annual General Meeting and for determining eligibility for dividend for the year ended 31st March, 2005.
3. The Dividend, if declared at the meeting, will be paid to those shareholders whose name appear in the Register of Members of the Company on 28th July 2005 or in the Register of Beneficial Owners maintained by the Depositories as at the close of their business hours on 20th July 2005.
4. Members are requested to notify immediately to the Company's Registrars and Transfer Agents of the Company – M/s Maheshwari Datamatics (P) Ltd. 6 Mangoe Lane, 2nd Floor, Kolkata 700 001.
 - (a) any change in their addresses alongwith PIN Code Number; and
 - (b) details about their bank account number, name of bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.
5. Members may please address all their documents / correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note No. 4 above.
6. Nomination facility for shares is now available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents to the address as stated in Note No. 4 above.
7. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
8. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
9. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depository. The Company will not act on any direct request from such members for change / deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants immediately.
10. Members attending the Annual General Meeting are requested to bring with them the following :



- (a) Members holding shares in dematerialised form are requested to bring with them their DP & Client ID Numbers.
- (b) Members holding shares in physical form are requested to bring with them their Folio Numbers.
- (c) Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.
- (d) The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

The Company would accept only the Attendance Slip from a member actually attending the Meeting; or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slips of Members/ valid proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other member / person.

The Meeting is for members or their proxies only. Please avoid being accompanied by non-members/ children.

11. As required under Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed is given below and forms part of Notice.

Name	Shri Sanjay Chamria
Age	42 Years
Qualification	B.Com (H), FCA
Expertise	Promoter & Managing Director of Magma Leasing Ltd.
Director of Company since (Date)	23rd April 2005
Directorship in other Companies	Basukinath Commerce Pvt Ltd. Microfirm Softwares Pvt Ltd. Viper Estate & Investments Pvs Ltd
Member of any other Institution	Fellow member of Institute of Chartered Accountants of India Member of the Managing Committee Equipment Leasing Association
Nature of Directors' Interest if any in the Resolution	Except Shri Sanjay Chamria himself, none of the remaining directors is concerned or interested in the Resolution



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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED TO AND FORMS PART OF THE NOTICE DATED 23RD April, 2005

Item No. 5 of Notice:

Shri Sanjay Chamria was appointed as an Additional Director of the Company by the Board of Directors with effect from 23.04.2005 under section 260 of the Companies Act, 1956 and hold office upto the date of 15th Annual General Meeting of the Company.

Shri Sanjay Chamria, is a Fellow Member of ICAI and Promoter & Managing Director of Magma Leasing Ltd. From a humble beginning, Magma has rapidly grown over the last decade, to emerge as one of India's leading NBFC's under his leadership. The Company is expected to immensely benefit from his guidance and presence on the Board of Directors. He is also a Member of the Managing Committee of Equipment Leasing Association.

As required under section 257 of the Companies Act, 1956, Notice has been received from a member proposing the name of Shri Sanjay Chamria for the office of Director.

None of the Directors, Except Shri Sanjay Chamria himself, is concerned or interested in the Resolution

Board of Directors recommends the passing of the Resolution at Item No. 5 of the Notice.

Item No. 6 of Notice:

The company has major growth plans, which may require additional financial resources, including through the equity route. Therefore, as a pre-emptive and prudent measure, the Authorised Capital of the Company is being raised to Rs.10 Crores.

Article 48 of the Company's Article of Association empowers the Company to increase its share capital by creation of new shares by passing an Ordinary resolution in a General Meeting.

The Ordinary Resolution set out in item no 6 of the convening Notice has to be considered accordingly and the Board recommends its adoption.

No Director of the Company may be deemed to be concerned and/or interested in the above resolution.

Registered Office:

308, Shantiniketan

8, Camac Street,

Kolkata - 700 017.

Dated 23rd April, 2005

By order of the Board

PURUSHOTTAM KEJRIWAL

Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report and Audited Accounts of SKP Securities Ltd. (SKP) for the year ended March 31, 2005.

Financial Highlights

Particulars	Year Ended March (in Rs Lacs)		
	2005	2004	% Change
Total Income	556.91	459.49	21.20
Total Expenditure	348.22	243.93	42.75
Operating Profit	208.69	215.56	-3.19
Interest	1.11	0.05	2120.00
Gross Profit	207.58	215.51	-3.68
Depreciation	7.75	9.45	-17.99
Extraordinary Items	29.08	8.44	244.55
Profit Before Tax	170.75	197.62	-13.60
Provision for Tax (including Deferred Tax Liability)	58.41	60.92	-4.12
Profit After Tax	112.34	136.70	-17.82
Liabilities Written Back	20.73	0.00	-
Appropriations			
Proposed Dividend	50.50	50.50	-
Dividend Distribution Tax	7.08	6.47	-
Transferred to General Reserve	10.00	10.00	0.00
Earnings Per Share (Rs.)	2.22	2.71	-18.08
Net Worth	770.15	694.66	10.87

Dividend

Your Directors take pleasure in recommending payment of a Dividend of 10% (Re.1/- per share) for the year 2004-2005, subject to the approval of shareholders.

Business Performance

Since SKP's performance is linked with that of financial markets, particularly equity and debt market, it is necessary to review them before we review performance of the company as such. Equity market had opened on a weaker note in this Financial Year after heady days of 2003-2004. However, the surprising verdict in The General Elections, 2004 led to a major meltdown, with a historic fall seen on "Black Monday", May 17, 2004, pursuant to which, the market became extremely dull with volumes falling tremendously. Budget 2004, triggered a recovery and the equity markets recommenced their upward march, supported by a renewed political stability, a robust economic growth, good corporate performance and renewed FII interest. The market indices touched historic highs before being pulled down for various reasons. Meanwhile, the debt market continued to be bearish throughout the year as yield kept on hardening.

All the business sub – activities that SKP is engaged in, are facing fierce competition. In these circumstances, SKP has done reasonably well to achieve a marginal top line growth in all the sub-activities viz. capital market, brokerage, derivatives brokerage, depository services and distribution of various financial products. However, due to increased costs and an extraordinary item of an impairment loss, profitability has been low.

Future Outlook

Capital Markets in India and all the activities that SKP is involved in, are

poised for a sustained growth, albeit amidst stiff competition and very low margins. With larger players like banks in the fray, industry is poised for consolidation. SKP itself is facing fierce competition and limited size of the served market of institutions, corporates and HNIs.

To grow amidst this competition, apart from consolidating and growing its existing market segments by offering more client need centric and value added services to enhance competitiveness and profitability. SKP has devised a two pronged strategy. Enhancing its product portfolio by taking up membership of The Stock Exchange, Mumbai (BSE) and enter into commodity broking through a subsidiary and a retail and regional (East) growth strategy. Creation of branches, bringing channel partners on board and undertaking aggressive marketing strategies will be key drivers for this growth. Additional infrastructure has already been put in place, which will grow as and when required. To meet the challenges of rapid growth, human, financial and technology resources of the company are being geared up and the organization structure is being positioned for aggressive growth plans of the company, which should take SKP into a new orbit in terms of size & operations over next couple of years.

Corporate Governance

As per the amended listing agreement with the stock exchanges, the company has complied with the requirement of corporate governance. A Report on Corporate Governance is attached to this report as per statutory requirements. In any case, SKP has always striven to adhere to the best standards of corporate governance.