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Fourteenth Annual Report 1996 - 97

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CERTIFIED TRUE COPY

For VCK Capital Market Services Ltd

[Signature]
Managing Director



VCK

CAPITAL MARKET SERVICES LIMITED



Board of Directors :

Mr Santi Prasad Sen Gupta	- Chairman
Mr Madhukar Kampani	- Vice Chairman
Mr Hemal Kampani	- Managing Director
Mr Vasantrai Harilal Pandya	
Mr Reinhold Jungmann	
Mr Paresh Rajda	
Mr Rajiv Khaitan	
Mr Rajesh C Gandhi	
Mr Sandip Kampani	
Mr N Kapadia	- Alternate Director

Auditors

S R Batliboi & Co.

Registrar & Share Transfer Agent

PCS Industries Limited
P-39 A & B, CIT Road
Scheme : VIM
Calcutta : 700 054
Dial : (033) 345-5106, 321-3361/3342

Bankers

ANZ Grindlays Bank
The Bank of Rajasthan Ltd.
Bank of Baroda
State Bank of India
Bank of America

Registered Office

'Duckback House'
41, Shakespeare Sarani
Calcutta : 700 017
Dial : 247-4413/2202/2723/1280
Fax : (091) (033) 247-8479

Branch office

- Carmello's Building, Room # 22
63/67 Pathakwadi, L. T. Marg
Crawford Market, Mumbai - 400 002
- F-11, Nazar Singh Place
252 Sant Nagar
East of Kailash
New Delhi - 110065
- 62 Moulana Azad Sarani
City Centre
Durgapur - 713 726
- Executive Chambers
18/6, Cunningham Road
Bangalore - 560 052



NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of the company will be held on Monday September 29, 1997 at 10.30 a.m. at Calcutta Rowing Club, 15, Rabindra Sarobar, Calcutta-700 029 to transact the following business :

1. To receive, consider and adopt the audited accounts of the Company for the financial year ended March 31, 1997, the Balance Sheet as on that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajiv Khaitan who retire by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Paresh Rajda who retire by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. V. H. Pandya who retire by rotation and being eligible offers himself for reappointment.
5. To appoint auditors and fix their remuneration.

Report Junction.com

June 30, 1997

Registered Office :

'Duckback House'

41, Shakespeare Sarani

Calcutta - 700 0017

By Order of the Board

Sd/-

HEMAL KAMPANI

(MANAGING DIRECTOR)

NOTES :

1. A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company. Proxies in order to be effective, must be received at the registered office of the Company not less than forty eight hours before this Annual General Meeting.
2. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.



3. Members are requested to bring their copies of the Report and Accounts to the Meeting.
4. Members are requested to notify any change in their address immediately to the Company or to the Registrar of the Company - PCS Industries Ltd., P-93 A&B, CIT Road, Scheme VIM, Phoolbagan, Calcutta : 700 054. Phone : (033) 345-5106, 321-3361/3342.
5. The Register of Members and Share transfer Books of the Company will remain closed from September 20, 1997 to September 29, 1997 (both days inclusive).
6. In terms of provisions of section 205A of the Companies Act, 1956, the unclaimed dividend for the year ended March 31, 1993 has been transferred to the General Revenue Account of the Central Government. Any claim for such unclaimed/uncollected dividend may be made by an application in Form II, prescribed under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, to :

The Registrar of Companies, West Bengal,
Nizam Place,
234/4 AJC Bose Road,
Calcutta-700 020.

7. In terms of section 205A of the Companies Act, 1956, the unclaimed Dividend amount for the year ended March 31, 1994 is required to be transferred to the General Revenue Account of the Central Government on or about 5th November, 1997 and the Members would have to claim it thereafter directly from the Registrar of Companies West Bengal, Calcutta. Those shareholders who have not encashed their dividend warrants for the said period may, therefore, approach the Company's-share department for revalidating the Dividend Warrants or for obtaining Duplicate Dividend Warrants.
8. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company during office hours on all days except Saturday and Holidays between 10.30 a.m. to 5 p.m. upto the date of the Annual General Meeting.



DIRECTORS' REPORT

The Members,

Your Directors present their Fourteenth Annual Report for the financial year ended on March 31, 1997.

FINANCIAL RESULTS

	Year ended March, 31	
	1997	1996
	(Rs. in lacs)	
Income from Operations	373.42	798.73
Profit (Loss) before Depreciation, Amortisation & Taxation	(207.40)	172.78
Provision for Depreciation	7.06	153.78
Amortisation of Miscellaneous		
Expenditure	5.74	5.74
Profit (Loss) before Tax	(234.47)	7.23
Income tax for earlier years	0.00	0.36
Profit (Loss) after Tax	(234.47)	6.87
Profit brought forward from last year	113.45	106.58
Profit (Loss) available for appropriation	(121.02)	113.45
Transferred from General Reserve	50.82	-
Surplus (Deficit) carried to Balance Sheet	(70.20)	113.45

The major part of the year under review remained difficult for the company because of sluggish capital market for the second consecutive year coupled with a very tight liquidity condition and high interest rates. The investors sentiment continued to remain subdued evoking a very poor response for the IPOs that had hit the market during the year. The secondary market too continued to remain in the prolonged bear phase for the most part of the year taking a heavy toll on the value of Company's investments.

The year ahead looks a little brighter as the secondary market has started to look up after the Union Budget for 1997-98 was announced. The budget promises to step up savings through wide range cuts in direct taxes and support to industrial growth. Credit policies announced during the year by Reserve Bank of India brought reduction in Cash Reserve Ratio and thereby increasing the lendable resources with banks. This was coupled with relaxation in lending norms leading to credit take off at the close of the year.

DIVIDEND

No dividend is recommended for the year. Dividend in arrear for cumulative preference shares for the year however is Rs. 36.00 lacs and the total dividend in arrear including that of last year for the same is Rs. 81.00 lacs.



OPERATIONS

The various functional activities of the Company are discussed below :

INVESTMENT BANKING

The group continued its activity in Debt segment of Capital Market in the year under review. An early entry in this segment and continuous presence helped the group to continue merchant banking activity in spite of poor Capital Market conditions and cut throat competition. The group managed a number of debenture issue of Blue Chip Corporates on private placement basis as sole arrangers. This included ITC Ltd., Jayshree Tea & Industries Ltd., CESC Ltd., Core Healthcare Ltd. Mandates for raising 160 crores were awarded to the group by these Corporates. Besides, the group was actively involved in bond placements for Financial Institutions and Public Sector Units like IDBI, IFCI, NHPC, Power Grid as their arrangers. The group also marketed Bond/ Debentures Issues of ICICI, KBJLN, Konkan Railways, Karnataka State Electricity Board, Tisco Ltd., Larsen & Toubro Ltd. The group acted as Co-Managers to the public issue of IDBI-OMNI Bond Issue. The total collection through above activities amounted to Rs. 294.36 crores yielding a net income of Rs. 61.88 lacs

The current year shall remain dominated by debt issues by Corporates/FIs/PSUs in absence of a sound primary Market for Equity Issues. It shall also see activities in ECB syndication, Infrastructure Consultancy, Private Placements of Equity of sound companies/projects. The Company plans to enter in these activities in big way besides its presence in debt syndication. In the current year the group has been successful in getting sanction of Institutions for investment upto Rs. 100 crores in a major Corporate Debenture mandate (awarded in 1996-97). It has also successfully placed Bonds of Rs. 10 crores for WBIDC in the current year at 14% per annum, which is one of the lowest rate in the market. The presence of the Group amongst the investors like Provident Fund Trusts, Co-operative Banks, Regional Rural Banks, FIs, FII's, Mutual Funds, Banks, PSUs shall see surge of syndication activities in time to come.

CORPORATE FINANCE SERVICES

The Corporate Finance Services Group of the Company was hit by liquidity crisis in the market and large number of defaults even by big corporates in ICD/Leasing market. The Company also faced defaults in two of its lease deal. Legal steps and negotiation with respective parties are being carried out to recover the same. Meanwhile, the group has initiated into preparation of project reports for new projects and for expansion plans for its clients. In the current year, the group has also tied up with 'Mafatlal Finance' for marketing its Auto Finance products. With fresh lease of liquidity in the Market, the current year definitely looks better for the group. The group in the current year has already placed a commercial paper of Rs. 250 lacs and syndicated ICDs/Bill Discounting of Rs. 220 lacs.

FIXED DEPOSIT MOBILISATION

The Fixed Deposit Mobilisation Group of the Company continued to augment its marketing resources and Sub Brokers network. Total mobilisation by the Company for Fixed Deposits of other Corporate bodies amounted Rs. 5134.70 lacs (Previous year Rs. 2547.71 lacs). Net Brokerage earned during the year was Rs. 13.43 lacs (Previous year Rs. 9.42 lacs). This was



inspite of stiff competition in the market from few big players of the market. Better selection of the Companies and schemes marketed by the group has kept the group active in the market.

VCK FIXED DEPOSIT SCHEMES

The Company did not gave much stress on its own fixed deposit scheme as the Company is now more focused on Non Fund based activities. However, it collected by way of renewal of deposits during the year Rs. 58.74 lacs (Previous year Rs. 304.93 lacs).

Information as per Non Banking Finance Companies (RBI) Directions 1977 for the year under review is furnished below :

No. of Unclaimed Deposits : 42 (forty two only)
Amount of Unclaimed Deposits : Rs. 3,71,000/-

BOARD OF DIRECTORS

Mr. Varjivan C. Kampani, Chairman - Emeritus and founder of the Group expired on October 2, 1996.

Mr. Rajiv Khaitan, Mr. Paresh Rajda and Mr. V. H. Pandya retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS

You are requested to appoint auditors and fix their remuneration. The retiring auditors, Messers S R Batliboi & Co., Chartered Accountants, are eligible for reappointment.

STATUTORY INFORMATION

The following employees of the Company are covered by the provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 :

Name	Remuneration (Rs. in lacs)	Designation (Age)	Qualification	Experience	Employed since	Previous Employer
Mr. Sandeep Baid *	2.97	Gen. Mgr. (30)	B.Com, ACA	7 yrs.	15.7.91	—
Mr. Bhadrash P Soni *	1.28	Sr. Corp. Mgr. (37)	B.Com, ACS, LLb	16 yrs.	01.06.90	VCK Share
Mr. Sanjib Basu	4.42	Corp. Mgr. (31)	B.Sc. ACA	7 yrs.	01.4.94	—

* Only for part of the year

AUDITORS' REPORT

As regards the observations in the Auditors' Report, the explanations given in the notes on accounts are self explanatory.

ACKNOWLEDGEMENTS

As in the previous years, the Company owes a debt of gratitude to its bankers, employees, clients, and all concerned for continued co-operation during the course of its operations.

For and on behalf of
the Board of Directors

Sd/-

Calcutta
July 7, 1997

Chairman



AUDITORS' REPORT

TO THE MEMBERS OF VCK CAPITAL MARKET SERVICES LIMITED, CALCUTTA

We have audited the attached Balance Sheet "of VCK Capital Market Services Limited as at 31st March, 1997 and the Profit and Loss Account annexed thereto for the year ended on that date and report as follows :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we state that :
 - (i) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets. As informed to us, the fixed assets of the Company (except for the leased out assets) have been physically verified by the Management during the year and no discrepancies have been noticed on such verification between the physical stock and the book records.
 - (ii) The fixed assets of the Company have not been revalued during the year.
 - (iii) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the registers maintained under Sections 301 and 370(1-B) of the Companies Act, 1956.
 - (iv) The Company has granted loan to a Company listed in the register maintained under Section 301 and/or under Section 370(1-B) of the Companies Act, 1956 and the rate of interest and other terms and conditions thereof are prima facie not prejudicial to the interest of the Company.
 - (v) There are no stipulations for repayment of loans (including deposits) given by the Company and interest thereon has also not been regularly realised. As regards interest free advances in the nature of loans given to the employees, the same are generally being recovered as per stipulations, wherever applicable.
 - (vi) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of Company and the nature of its business, with regard to purchase of plant and machinery and other assets.
 - (vii) As far as we can ascertain on the basis of our selective checking and according to the information and explanations given to us, it appears that the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating to Rs. 50,000 or more during the year in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
 - (viii) In respect of Public Deposits, the company has generally complied with the provisions of Section 58A of the Companies Act, 1956, the Companies' Acceptance of Deposit Rules, 1975 and the directives issued by the Reserve Bank of India.
 - (ix) Provident Fund dues have generally been paid by the Company in due time and there are no arrears of such dues as on the Balance Sheet date. As informed, the provisions of Employees' State Insurance Act are not applicable to the Company.
 - (x) On the basis of our examination of the records and according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Customs Duty and Excise Duty outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
 - (xi) The Company has a policy of authorising expenditure based on reasonable checks and balances. The Policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to Revenue Account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses, nor have any such expenses been reported to us.