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Annual Report



2001-2002

***VCK* CAPITAL MARKET SERVICES LIMITED**

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GLOBAL CAPITAL MARKET SERVICES LIMITED

BOARD OF DIRECTORS

| | | |
|-----------------------------|---|---|
| Mr. Madhukar Kampani | : | Chairman |
| Mr. Hemal Kampani | : | Managing Director |
| Mr. Reinhold Jungmann | : | Director |
| Mr. Paresh Rajda | : | Director |
| Mr. Rajiv Khaitan | : | Director |
| Mr. Sandip Kampani | : | Director |
| Mr. N. L. Kapadia | : | Alternate Director of Reinhold Jungmann |
| Mr. Joydeep Dattagupta | : | Company Secretary |
| M/s. R. K. Venkatesan & Co. | : | Auditors |
| Chartered Accountants | | |

REGISTRAR & SHARE TRANSFER AGENT

C. B. Management Service Private Limited

P-22, Bondel Road, Kolkata-700 019

Phone : (033) 280 6692-93-94

Fax : (091) (033) 247 0263 ; email : cbmsl1@cal2vsnl.net.in

BANKERS

Standard Chartered Grindlays Bank

The Bank of Rajasthan Ltd.

Bank of Baroda

State Bank of India, ABN-Amro Bank

HDFC Bank Ltd.

REGISTERED OFFICE

'Duckback House'

41, Shakespeare Sarani, Kolkata-700 017

Phone : (091) (033) 287 2387, Fax : (091) (033) 247 8479

email : vckcaps@hotmail.com

BRANCH OFFICE

Yash Kumar Complex
4th Floor, Room No. 403
Bistupur Main Road,
Jamshedpur-831001
Ph. : (065) 440666, Fax : 440667

619, Makers Chamber V
6th Floor, Nariman Point
Mumbai-400021
Ph. : (022) 2325727
Fax : (022) 2325737

28, Haren Mukherjee Road,
Madhumay Sweets Bldg.
Hakim Para, Siligiri-734401
Darjeeling, West Bengal
Phone : (0353) 529811

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NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of VCK Capital Market Services Limited will be held at H. M. Plaza, 8, A. J. C. Bose Road Circular Court, Ground Floor, Kolkata-700017 on Monday the 16th day of September 2002 at 11.00. A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date along with the Reports of the Board of Director and Auditors thereon.

2. To appoint a Director in place of Mr. Madhukar Kampani who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. Hemal Kampani who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

By Order of the Board

J. Dattagupta
Company Secretary

Regd. Office :
41, Shakespeare Sarani
Kolkata-700017
Date : 30th day of July 2002.

NOTES :

1. The Register of Members and Share Transfer Books in respect of the Equity and preference shares of the company will remain closed from 11th September 2002 to 14th September 2002 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll **instead** of himself/herself and such proxy need not be a member of the Company.
3. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
4. Members of the Company holding more than one share certificate in the same name under different Ledger folios, are requested to apply for consolidation of such folios and send the relevant Share certificates to the Company's Registrar & Share Transfer Agent M/S. C B Management Services (P) Limited, situated at P-22 Bondel Road, Kolkata-700019.
5. Please note that as per the notification of S E B I, the Company's shares are under compulsory Demat trading, with effect from 27th November 2000 for all the investors. You are therefore requested to demat your shareholding to avoid any inconvenience in future.

6. Members are also requested to notify change in address, if any, immediately to the Company's Registrar & Share Transfer Agent M/S. C B Management Services (P) Limited, situated at P-22 Bondel Road, Kolkata-700019 by quoting their Folio number(s).

Members are requested to bring their own copies of the Annual Report and Admission slip at the meeting.

By order of the Board

J. Dattagupta
Company Secretary

Regd Office:
41 Shakespeare Sarani
Kolkata- 700017
Date : 30th day of July, 2002

DIRECTORS REPORT

To The Members,
Your Directors present their Nineteenth Annual Report on the business and operations of your Company together with Audited Financial Results for the year ended March 31, 2002.

Financial Results

The working Results of the Company for the year stand as under :

| | (Rs. in Lacs) | |
|---|---------------------|-------------|
| | Year Ended March 31 | |
| | <u>2002</u> | <u>2001</u> |
| Income from Operation | 37.74 | 69.87 |
| Profit/(Loss) before Depreciation | (12.48) | (21.46) |
| Amortisation & Taxation | - | - |
| Provision for Depreciation | 3.91 | 3.91 |
| Amortisation of Miscellaneous Expenditure | 5.74 | 5.74 |
| Add/Less Prior Period Adjustments (Net) | -- | (0.10) |
| Profit/(Loss) Before Tax | (22.13) | (31.01) |
| Profit/(Loss) After Tax | (34.08) | (31.01) |
| Paid-up Share Capital | 873.33 | 873.33 |

DIVIDEND

In view of the adverse working results of the Company in the present scenario, the Directors regret their inability to declare any dividend for the year under review.

OPERATIONS

INVESTMENT BANKING & RETAIL MOBILISATION

The Financial Services and Merchant Banking Business has come to a virtual end due to adverse economic conditions since last 3-4 years. Large projects of size and its frequency of creation of assets are not taking place as it used to be and hence the Indian Public Offers which your company used to manage has come down to a trickle. This scope though remains, but, due to the saturation in the economy, world over, and depressing factors governing the economy, people and stock and markets which refuses to accept the world scenario optimistically and hence does not give confidence to the Indian Industries to expand or put up new plans which would require your Company to participate as Merchant Bankers and raise money from people. There is a definite situation in which a lot of consolidation process are taking place which includes participation in Mergers, Buyback, Acquisition and take Over which is possible due to a very low valuation of

equity of the existing good companies which inspires the people to take the steps towards the activities mentioned herein above and your company is trying to focus on these areas.

With the avenues of Investment for individuals going down day by day, in terms of the turnovers but more in terms of goodwill of raisers in which we as advisers need to be extremely cautious that our clients do not fall prey to corporate who raise money and default. We have been able to maintain our Retail Mobilisation at the best peak with definite sacrificing certain quotation on the companies where our Research advises not good for Investment. But less assured, the company is actively looking at whatever avenues they are working on to ensure that we do our business in the best possible manner.

FUTURE PROSPECTS

With the US Economy slowing down and in turn the World Economy also seems to be slowing down, the effect of September 11 attacks remains in the minds of the business class especially USA which is the most Vibrant economy.

The effect of the same are also felt in the Asian Markets, but it also felt that may be USA and Europe slowing down can possibly help the South East Asian Countries in terms of having more investment opportunity from different Investors in US, but, needless to say, that US is one of the Economy who remains the best purchaser of goods and commodities from South East Asia. Times do look different, but, there is definite hope to see to it that at least the cash flow which are remaining in the hands of the investors without much of an option to investors can be our only area where we can benefit and do the best in these circumstances.

VCK FIXED DEPOSIT SCHEMES

The company had decided in 1999-2000 to repay all the public Deposit which has been made, only what remains is the unclaimed deposits.

Information as per Non-Banking finance Companies Acceptance of public deposits (Reserve Bank) Directions, 1998 as on 31st March 2002 is furnished below :

No. of Unclaimed Deposits : 12

Amount of Unclaimed Deposits : Rs. 42,000

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the company's Articles of Association Mr. Madhukar Kampani and Mr. Hemal Kampani

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Directors of the Company retire by rotation at the ensuing Annual General Meeting of the company and being eligible offer themselves for reappointment.

Mr. R.C. Gandhi has resigned from the Directorship of the company during the year. The Board of Directors record their appreciation for the valuable contribution made by Mr. R. C. Gandhi as Director of the company.

SUBSIDIARY COMPANY

The Audited Annual Accounts for the Financial year ending March 31, 2002 along with the Auditors' and Directors report thereon of VCK Sponsorship Fund Private Limited, a subsidiary of your Company are annexed to this report as required under Section 212 of the Companies Act, 1956.

AUDITORS

M/s. R. K. Venkatesan & Co., Chartered Accountants will retire as Statutory Auditors at the conclusion of the forthcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment. Members are requested to consider their re-appointment for the Financial Year 2002-2003 on a remuneration to be decided by the Board of Directors.

AUDIT COMMITTEE

The Audit Committee constituted by the Board of Directors on 8th June 2001 consists of three Directors namely Mr. N. L. Kapadia - Chairman, Mr. Madhukar Kampani - Member and Mr. P. Rajda - Member. The constitution of the Audit committee meets with the requirement of section 292A as introduced by the Companies (Amendment) Act, 2000.

AUDIT OBSERVATION

The observation of the Auditors as duly dealt in Notes of Accounts attached to the Balance Sheet and are self-explanatory in nature.

HUMAN RESOURCE DEVELOPMENT

Your Company continues to focus on HRD for remaining at the cutting edge in a rapidly changing globally competitive business environment. A series of innovative HR measures have been launched towards creation of a working environment in which every employee of the Company irrespective of levels, can contribute his/her best.

DEPOSITORY SYSTEM

As the members are aware, your company's share are tradeable compulsorily in electronic form and the company has established connectivity with both the depositories in the country, i.e. NSDL and CDSL. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility

of Dematerialisation of the company's shares on either of the aforesaid Depositories.

PARTICULARS OF EMPLOYEES

None of the Employees of the Company are covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 :

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

Since the Company does not carry out any manufacturing activities, the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology, absorption and foreign exchange earning and outgo are not applicable to the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) introduced by the Companies (Amendment) Act, 2000, your Directors state that

- in the preparation of Annual Accounts, the applicable accounting standard had been followed along with proper explanation relating to material departure.
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of Financial Year 31st March 2002 and the profit or loss of the Company for the period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- the Directors had prepared the Annual Accounts for the financial year ended 31st March 2002, on a going concern basis.

LISTING

Your Company's shares are listed at The Calcutta Stock Exchange Association Limited, Bombay Stock Exchange, Ahmedabad Stock Exchange and Vadodara Stock Exchange.

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ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the support extended by Customers, Investors, Bankers, Business Associates, Vendors and various Government Agencies. Your Directors would also like to place on record the outstanding contribution made by the Associates at all levels for the success of your Company during the year. The co-operation and

services of staff members and alliance partners are also earnestly appreciated.

For and on behalf of the Board

Madhukar Kampani
Chairman

Hemal Kampani
Managing Director

Kolkata

Dated : 30th July, 2002

AUDITORS' REPORT TO THE MEMBERS OF VCK CAPITAL MARKET SERVICES LTD.

1. We report that we have audited the Balance Sheet of VCK CAPITAL MARKET SERVICES LIMITED as at 31 March, 2002 and the relative Profit & Loss Account on that date both of which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Such Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that audit provides a reasonable basis for our opinion on the financial statements.
3. As required by the Manufacturing and other Companies (Auditor's Report) order 1988 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to the us during the course of our audit, we set out in the annexure a statement on the matters specified in the relevant paragraphs of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - iii. The Balance Sheet and the Profit and Loss Account, dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, these financial statement have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
 - v. Based on representations made by the Directors of the Company as on 31st March, 2002 and in accordance with the information and explanation as made available, the Directors of the Company do not, Prima facie, have any Disqualification as referred to in Clause (g) of sub section (1) to Section 274 of the Act.
 - vi. In our opinion and to the best of our information and according to the explanations given to us

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VCK CAPITAL MARKET SERVICES LIMITED

the Balance Sheet and the Profit and Loss Account together with the notes thereon attached thereto and subject to the following notes in Schedule 16, whose impact on the Company's Profit, wherever ascertainable, is stated in the respective notes :

1. Note No 1.5(b) and (c) regarding non-accounting of certain income and expenses on accrual basis.
2. Note No.3 in respect of non-provision of certain claims by M S Shoes East Limited (amount unascertainable), pending disposal of the matter by the Arbitrator.
3. Note No 6 regarding non provision of interest of Rs. 71,652/- (previous Year Rs. 5,30,595/-), on an inter corporate loan amount, as waiver of interest is being negotiated.
4. Note No 7 in respect of non provision of shortfall of Rs 1,27, 32,922/- in the value of long term quoted investment.
5. Note No 10 in respect of non deduction of tax at source on certain payments and non provision of interest/penalty, if any, there against (amount unascertainable).

give in the prescribed manner the information required by the Act and also give respectively, a true and fair view in accordance with the accounting principles generally accepted in India :

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and
- ii. in the case of the Profit and Loss Account, of the loss for year ended on that date.

Report as per the requirements of the Manufacturing and Companies (auditor's Report) Order, 1988 as referred to in paragraph 3 of our report of even date :

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The fixed assets of

the Company (except leased out assets) have been physically verified by the management at the year end and no material discrepancies between the book records and the physical inventory have been noticed.

2. None of the fixed assets have been revalued during the year under reference.
3. As informed, the company has not taken any loans from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act. 1956 and/or From Companies under the same management as defined under Section 370(1B) of the Companies Act.1956.
4. Stock of shares bound securities etc. have been physically verified by the management during the year and, no discrepancies have been noticed on such verification. In our opinion the procedure of physical verification of stocks of the said items followed by the Management is reasonable and adequate in relation to the size of the Company and nature of its business.
5. The Company has granted loans to Companies listed in the register maintained under Section 301 of the Companies Act, 1956 and/or a Company Under the same management as defined under Section 370 (1B) 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. However, the said loan amount has considered as a non performing asset and suitable provisions therefore have been made as per the Reserve Bank of India guidelines.
6. There are no stipulations for repayment of loans (including deposits) given by the Company and, interest thereon has also not been regularly realised However, necessary provision towards such non performing assets have been made as per the guidelines prescribed by Reserve Bank of India. Advances given to the employees of the Company