

22nd

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Annual Report



2004-2005

***VCK* CAPITAL MARKET SERVICES LIMITED**

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VCK CAPITAL MARKET SERVICES LIMITED**BOARD OF DIRECTORS**

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

REGISTERED OFFICE

'Duckback House' Ground Floor
41, Shakespeare Sarani, Kolkata-700 017
Phone : (091) (033) 2287 2387
Fax : (091) (033) 2247 8479
email : vckcaps@hotmail.com

BRANCH OFFICES**Jamshedpur :**

Holding No. D, Chand Villa, Opp. Gopal Maidan
Contractor Area (Imperial Bank Area)
Jamshedpur-831001
Phone : 0657-2224395

Siliguri :

21, Nazrul Sarani, 1st Floor, Ashram para
Siliguri-734401

Dist.-Darjeeling

Phone : 0353-2525781/82

BANKERS

Standard Chartered Grindlays Bank
Bank of Baroda
State Bank of India / ABN-Amro Bank
HDFC Bank Ltd.

Mumbai :

619, Makers Chamber V
6th Floor, Nariman Point
Mumbai-400021
Phone : (022) 56325727
Fax : (022) 56325737

REGISTRAR & SHARE TRANSFER AGENT**C. B. Management Services Private Limited**

P-22, Bondel Road, Kolkata-700 019
Phone : (033) 2280 6692-93-94
Fax : (091) (033) 2247 0263
email : cbmsl1@cal2vsnl.net.in

VCK CAPITAL MARKET SERVICES LIMITED**NOTICE**

NOTICE is hereby given that the 22nd Annual General Meeting of VCK Capital Market Services Limited will be held at Rotary Sadan, Sripati Singhania Hall, 94/2, Chowringhee Road, Kolkata-700 020 on Tuesday the 27th day of September, 2005 at 10.15 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 and Loss Account for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Hemal Kampani who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. Paresh Rajda who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

Special Business :

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT in accordance with the provisions of section 198, 269, 317 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof. for the time being in force) the company hereby approves the terms of re-appointment of Mr. Hemal Kampani as Managing Director of the Company for a period of 5 years with effect from 1st July 2005 upon terms and conditions set out in the agreement dated 1st July, 2005 with the company, a copy whereof laid on the table and initialed by the Chairman for the purpose of identification, with the liberty to the Board of Directors to alter or vary the terms and conditions of the said reappointment in such manner as may be agreed to between the Board of Directors and Mr. Hemal Kampani.

By Order of the Board

J. Datta Gupta
Company Secretary

Regd. Office :
41, Shakespeare Sarani
Kolkata- 700017
Date : 30th July 2005

VCK CAPITAL MARKET SERVICES LIMITED**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 24th September, 2005 to 27th September, 2005 (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. CB Management Services (P) Limited, situated at P-22 Bondel Road Kolkata- 700019.
5. Please note that as per the notification of SEBI, 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. CB 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.

Regd. Office :
41, Shakespeare Sarani
Kolkata- 700017
Date : 30th July 2005

Explanatory Statement pursuant to Section 173(2) of the companies Act, 1956.**Item No : 5.**

Mr. Hemal Kampani was perviously re-appointed as Managing Director of the company since the year 2000 and his 5 years tenure on re- appointment vide supplementary agreement dated 1st July 2000 expired on 30th of June 2005. The company has received his consent for re-appointment in writing. Mr. Hemal Kampani has duly discharged all his duties during his tenure as Managing Director of the company, Mr. Kampani is also the Managing Director of VCK Share & Stock Broking Services Limited. Accordingly, the Board recommends the ordinary resolution under item no. 5 of the Notice for approval of the members

The duties of the Managing Director shall be the overall supervision of the functioning of the company, handling of the day to day affairs of the company in the ordinary course of business, appointment and termination of the services of the employees, entering into contract on behalf of the company, regularly reporting on the activities of the company to the Board, operating bank accounts and to perform all such other duties that the Board may recommend or delegate to the Managing Director from time to time.

Terms & Conditions

- 1) **Designation** : Managing Director
- 2) **Term** : 5 years with effect from 1.7.2005
- 3) **Salary** : No salary shall be paid to him as on date. However the board of Directors has the liberty to fix a minimum remuneration and other perquisites pursuant to the provisions of section 198,269,309 read with schedule XIII to the Companies Act, 1956. The above may be also treated as notice pursuant to section 303 (2) of the Companies Act, 1956.

No Director of the Company except Mr. Hemal Kampani, in his personal capacity and Mr. Madhukar Kampani and Mr. Sandip Kampani being the relatives of Mr. Hemal Kampani, is interested or deemed to be interested in the proposed resolution.

By Order of the Board

J. Datta Gupta
Company Secretary

VCK CAPITAL MARKET SERVICES LIMITED**DIRECTORS REPORT**

To the Members,

Your Directors present their 22nd ANNUAL REPORT on the Business and operations of your Company together with Audited Financial Results for the year ended March 31, 2005.

FINANCIAL RESULTS

The working results of the company for the year stand as under:

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2005	004
Income from operations	42.45	48.43
Profit/ (Loss) before depreciation	(8.22)	(4.47)
Amortisation & Taxation	-	-
Provision for Depreciation	3.67	3.67
Amortisation of Miscellaneous Expenditure	0.85	5.74
Add/ Less prior period	-	-
Adjustments (net)	-	-
Profit/ (Loss) before Tax	(11.93)	(13.88)
Profit/ (Loss) after Tax	(12.74)	(14.48)
Paid up share Capital	874.18	874.18

DIVIDEND

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

OPERATION & FUTURE OUTLOOK

Investment Banking & Retail Mobilisation

OPERATIONS

There has been growth in the Retail Mobilisation business in terms of revenue and mobilisation and we are also participating with various Mutual Funds for marketing and distribution of their products through our various branches. Your company is giving thrust on sell of various financial products like mutual fund, bonds, IPO s

and tax saving scheme, which will improve your company bottom line in the years to come..

FUTURE PROSPECTS

The year 2005 has been a bumper year for the mutual funds and primary market. The Indian mutual fund industry also saw its assets under management (AUM) grow from Rs. 151879/-crore in January'05 to Rs 175898 crore in July'05 representing growth of over 16%. Which represent increasing interest of small investor towards mutual funds and IPO which is very healthy sign for your company. Your company is trying to sell more and more financials products through the terminals and branches set up by your associated companies which will provide fruitful result in the coming years. Your company is in process of recruiting new team members to achieve its target of doing maximum business where we have our expertise.

VCK FIXED DEPOSIT SCHEMES

As reported earlier the company continued honouring all its obligations regarding fixed deposit repayments on maturity including interest thereon.

Information as per Non-Banking Finance Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 as on 31st March, 2005 is furnished below :

Particulars	2003-04	2004-05
No. of Unclaimed Deposits :	12	9
Amount of Unclaimed Deposits :	Rs. 42,000	Rs. 30,000

CAPITAL STRUCTURE

During the year, there has been no change in the Capital base of the Company which comprises of 63,39,980 Equity Shares of Rs. 10/- each and 5,98,330 12% Non-Cumulative Convertible Redeemable Preference Shares of Rs. 40/- each.

Equipref Holders are hereby informed that during the year the company has on 28th of February 2005, declared the result of the Postal Ballot as was conducted under section 106 and 192A(2) of the

VCK CAPITAL MARKET SERVICES LIMITED

Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal ballot) Rules 2001 for variation of the rights attached to the Part-C Equipref Shares. The Special Resolution was passed by 2/3 majority and the result was declared by Mr. A. K. Labh, practising company secretary, who acted as a scrutinizer in this Postal Ballot process.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association Mr. Hemal Kampani and Mr. Paresh Rajda, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

During the year, Mr. Rajiv Khaitan resigned from the Board with effect from 20th March 2005. The Board places its gratitude towards the services rendered during his tenure as Director of the Company.

SUBSIDIARY COMPANY

The Audited Annual Accounts for the Financial year ending March 31, 2005 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 2005-2006 on a remuneration to be decided by the Audit committee in consultation with 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 of the Companies Act, 1956 as introduced by the Companies Amendment Act, 2000.

SHARE TRANSFER & INVESTOR'S GRIEVANCE COMMITTEE

In order to ensure compliance with clause 49 of the listing agreement, the Share Transfer Committee which was originally formed in 1991 to look after the Share Transfer and its related matters has now been renamed and reconstituted as the Share Transfer & Investor's Grievance Committee comprising of the following Directors as the members of the committee namely, Mr. Madhukar Kampani, Mr. Hemal Kampani, Mr. Sandip Kampani and Mr. N. L. Kapadia. Mr. Madhukar Kampani continues to act as the Chairman of the committee.

AUDIT OBSERVATIONS

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

DEPOSITORY SYSTEM

As the members are aware, your company's share are tradable compulsorily in electronic form and 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.

CONSOLIDATED FINANCIAL STATEMENTS

As required under clause 32 of the listing Agreement and AS-21 of ICAI Audited Consolidated Financial Statement as on 31st March, 2005 are annexed to this report.

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

VCK CAPITAL MARKET SERVICES LIMITED**(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 :**

Since the Company does not carry on 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 your 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, 2005 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, 2005, on going concern basis

CORPORATE GOVERNANCE

As required by the listing agreement with the Stock Exchanges, reports on Corporate Governance and Management Discussion & Analysis, as approved by the Board together with a certificate from the statutory Auditor are set out in the annexure forming a part of this report.

LISTING

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

ACKNOWLEDGEMENT

The Board places on record its sincere appreciation for the assistance and co-operation received from its Bankers and Customers throughout the year and also for the support extended by the shareholders and of all employees of the company during the year under review.

For and on behalf of the Board

Madhukar Kampani
Chairman

Hemal Kampani
Managing Director

Kolkata
Dated: 30th July, 2005

VCK CAPITAL MARKET SERVICES LIMITED**REPORT ON CORPORATE GOVERNANCE**

1. Your company's philosophy is to enhance clients' satisfaction and shareholder's value by practising the principles of good corporate governance.

The Report on compliance of the conditions of corporate governance in accordance with clause 49 of the Listing agreement with the Stock Exchanges by your company is given below.

2. Board of Directors**(a) Composition**

As at 31st March, 2005 the Board of Directors consists of one Non Executive Chairman, one Executive Director and 3(three) Non Executive Independent Directors.

(b) Category, their Directorship and Committee Membership in other companies

The Board of your company is comprised of the following Directors

Name of Directors	Category of Directors	Member of Boards of other Public companies (excluding directorship in private companies)	Total no. of Committee (c) Membership in other Public Limited Companies (excluding Private Limited Companies, Foreign Companies and Companies under Section 25 of The Companies Act. 1956)	
			As Chairman	As Member
Mr. Madhukar Kampani (a)	Chairman Non Executive	2	None	None
Mr. Hemal Kampani (a)	Executive	2	1	1
Mr. Sandip Kampani (a)	Non Executive	1	None	None
Mr. Paresh Rajda	Non Executive	None	None	None
Mr. R. Jungmann (b)	Non Executive	None	None	None

(a) All are promoters of the company.

(b) A foreign collaborator and promoter

(c) Only the 3 (three) committees viz. The Audit Committee, the Shareholders Grievance Committee and the Remuneration Committee are considered

After association with the company for a period of 14 years Mr. Rajiv Khaitan resigned from the Board as Director with effect from 20.3.2005.

Name of the Alternate Director

Mr. N. L. Kapadia (Alternate Mr. R. Jungmann)	Non Executive	None	None	None
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VCK CAPITAL MARKET SERVICES LIMITED**(c) Board Meetings held during the year**

During the financial year 2004-2005 meeting of Board of Directors were held 6 (six) times i.e on 20th May 2004, 29th June, 2004, 30th July 2004, 30th October 2004, 7th December, 2004 and 31st January, 2005

(d) Attendance of Directors at the Board Meeting and at the last Annual General Meeting (AGM)

Directors	No. of Board Meetings		Attended last AGM
	Held	Attended	
Mr. Madhukar Kampani	6	6	Yes
Mr. Hemal Kampani	6	6	Yes
Mr. Sandip Kampani	6	5	Yes
Mr. Paresh Rajda	6	3	Yes
Mr. R. Jungmann	6	None	No
Mr. N. L. Kapadia	6	5	Yes

3. Audit Committee

The Board of Directors of the Company by passing a resolution at their meeting held on 8th June, 2001 constituted an Audit Committee whose composition and other details are given below.

Name of Chairman / Member	Meeting held	Meeting attended
Mr. N. L. Kapadia, <i>Chairman</i>	3	3
Mr. Paresh Rajda, <i>Member</i>	3	3
Mr. Madhukar Kampani, <i>Member</i>	3	3

During the financial year ended 2004-2005, meetings of the Audit Committee were held 3 (three) times i.e on 29th June, 2004, 29th October 2004 and 31st January 2005.

The General power of the Audit Committee includes :

- Appointment/Reappointment and terms thereof of the statutory auditors.
- Reviewing the financial reporting process of the quarterly, half-yearly and Yearly financial statements and the Auditors' Report.
- Compliance with Accounting standards and other regulatory and legal requirements Concerning financial statements.
- Overview of the company's financial reporting process and the disclosure of it's Financial statements.

4. Remuneration Policy

Mr. Hemal Kampani's tenure as Managing Director ended on 30.6.2005. However it was unanimously decided by the Board to reappoint him for a further period of five years subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. Such reappointment is in accordance with the terms and conditions specified in the agreement dated 1.7.2005 entered into between the company and Mr. Hemal Kampani. No salary shall be paid to him as on date. However the Board of Directors has the liberty to fix a minimum remuneration and other perquisites pursuant to the provisions of section 198, 269, 309 read with schedule XIII to the Companies Act, 1956.

The Company did not have a Remuneration Committee as on 31st March, 2005.