

**23rd**

Annual Report



**2005 -2006**

***VCK* CAPITAL MARKET SERVICES LIMITED**

## CONTENTS

	<b>Page</b>
Notice	– 4
Directors Report	– 9
Report of Corporate Governance	– 12
Auditors Certificate on Corporate Governance	– 25
Management Discussion and Analysis Report	– 26
Auditor's Report	– 27
Balance Sheet as on 31.3.2006	– 31
Profit & Loss Account for the year ended 31.3.2006	– 32
Schedule to the Balance Sheet & Profit & Loss Account	– 33
Significant Accounting Policies & Notes on Accounts	– 37
Cash Flow Statement	– 40
Part IV Schedule VI	– 41

**BOARD OF DIRECTORS**

Mr. Madhukar Kampani	:	Chairman
Mr. Samir Kothari	:	Managing Director (w.e.f.01.07.2006)
Mr. Hemal Kampani	:	Director
Mr. Sandip Kampani	:	Director
Mr. Paresh Rajda	:	Director
Mr. M.M.Bhagat	:	Additional Director
Mr. N. L. Kapadia	:	Additional 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) 40099999  
Fax : (091) (033) 2247 8479  
email : vckcapital@yahoo.co.in

**BRANCH OFFICES****Jamshedpur :**

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


**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

**NOTICE**

NOTICE is hereby given that the 23rd Annual General Meeting of VCK Capital Market Services Limited will be held at Bharatiya Bhasha Parishad Auditorium Hall, 36A Shakespeare Sarani Kolkata-700 017 on Tuesday the 29th day of August, 2006 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 2006 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. Madhukar Kampani who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. Sandip Kampani who retires by rotation and is eligible for reappointment.
4. To reappoint Auditors of the Company and to fix their remuneration.

**Special Business :****Appointment of Mr. Samir Kothari as Director**

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

"Resolved That Mr. Samir Kothari who was appointed by the Board of Directors at the Board Meeting held on 27th June, 2006 as an Additional Director with effect from that day under section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company being liable to retire by rotation"

**6. Appointment of Mr. Samir Kothari as Managing Director**

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

"Resolved That pursuant to the provisions of Sections 198, 269, 309, 310, 316, and 317 read with Schedule XIII of the Companies Act 1956 and article 114 of the Articles of Association of the company, and any other provision, if any applicable, the company hereby approves the appointment of Mr. Samir Kothari as Managing Director for a period of five years commencing from 1st July, 2006 upon the terms and conditions as set out in the explanatory statement annexed to the notice convening the meeting, with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the board and Mr. Samir Kothari."

"Resolved Further That 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 perform all such other duties that the Board may recommend or delegate to the Managing Director from time to time."

"Resolved Further That the remuneration of Mr. Samir Kothari as the Managing Director of the company if payable, shall be subject to the provisions of Section 198 and Section 309 read with schedule XIII of the Companies Act, 1956."

"Resolved Further That the Board of Directors of the company be and is hereby authorised to take all such steps as may be necessary ,proper and expedient to give effect to this resolution."

**7. Appointment of Mr. M. M. Bhagat as Director**

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

"Resolved That Mr. M. M. Bhagat who was appointed by the Board of Directors at the Board Meeting held on 31st October, 2005as on Additional Director with effect from 31st October,2005 under section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

**8. Appointment of Mr. N. L. Kapadia as Director**

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

Resolved That Mr. N. L. Kapadia who appointed by the Board of Directors at the Board Meeting held on 27th June, 2006 as an Additional Director with effect from 27th June, 2006 under section 260 Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company and shall be liable to retire by rotation."

By Order of the Board

**J. Datta Gupta**  
Company Secretary

Regd. Office :  
41, Shakespeare Sarani  
Kolkata- 700017  
Date : 31st July 2006

**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 26th August, 2006 to 29th August, 2006 (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).
7. Information for Directors seeking appointment/reappointment as required to be furnished pursuant to clause 49 of the listing agreement is given in the report on Corporate Governance.

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 : 31st July 2006

By Order of the Board  
**J. Datta Gupta**  
Company Secretary

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 5 & 6**

Mr. Samir Kothari, Asst. Vice President of our group company VCK Share & Stock Broking Services Ltd. has been serving the Company for well over 20 years. He possesses wide knowledge of primary and secondary market operations and expertise in Merchant Banking activities. Keeping in view his distinguished service record, knowledge and experience the Board has inducted him as an Additional Director and get appointed as the Managing Director of the company in the Board Meeting dated 27.06.2006 in place of Mr. Hemal Kampani u/s 269 of the Companies Act, 1956, subject to approval of the shareholders at the forthcoming Annual General Meeting of the members of the company.

The Company has also received a notice under 257 of the companies Act, 1956 from a member of the company with requisite deposit signifying the intention to propose the appointment of Mr. Samir Kothari as a Director of the Company.

An agreement has been entered into between Mr. Samir Kothari and the company and the terms of which are as follows :-

**i) Tenure of Agreement :**

For the period from 1st July 2006 to 30th June, 2011.

**ii) Nature of duties :**

Mr. Samir Kothari shall subject to supervision and control of the Board be entrusted with substantial powers of Management and shall perform such duties as, from to time, be entrusted to him and the business of any one or more of its associate companies, including performing duties as requested by the Board from time to time, by serving on the

**VCK CAPITAL MARKET SERVICES LIMITED**

boards of such companies or by any other executive body or any committee of such a company.

Mr. Samir Kothari shall devote his whole time attention to the business of the company and shall also perform such duties as, from time to time be entrusted to him and the business of any one or more of its associate companies including performing duties as requested by the Board from time to time, by serving on the boards of such companies or by any other executive body or any committee of such a company.

iii) Remuneration

No remuneration shall be paid be 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 as amended from time to time.

iv) The terms and conditions of appointment, re-appointment with the Appointee also includes clause clause pertaining to the adherence with the VCK Code of Conduct including no conflict of interest with the Company, maintenance of confidentiality.

v) The terms and conditions of the said appointment / reappointment may be altered and varied from time to time by the Board as it may, in its discretion deem fit and in accordance with the provisions of the act or any amendments made hereafter in this regard and subject to such approvals as may be required.

vi) This appointment may be terminated by either party by giving to the other three months notice of such termination.

vii) The appointee is being appointed as Director in the company and is subject to the provisions of Section 283(1) of the Companies Act, 1956.

The Directors recommend the resolution of item no 5&6 of the accompanying notice for approval of the members of the company.

Mr. Samir Kothari is concerned or interested in item no. 5 of the notice

This may be treated as an abstract of the draft Agreement between the company and appointee.

**Item No.7**

Mr. M. M. Bhagat was appointed as an Additional Director of the company with effect from 31st October, 2005 by the Board of Directors at its meeting held on the same day. As per section 260 of the Companies Act 1956, an Additional Director holds office upto the date of Annual General Meeting only. The company has received notice under 257 of the Companies Act, 1956 from a member of the company with requisite deposit signifying the intention to propose the appointment of Mr. M. M. Bhagat as a director of the Company.

Mr. M. M. Bhagat aged about 74 years is a commerce graduate. He is also retired Chairman and Managing Director of United India Insurance Company Limited.

He is currently on the Board of Hindalco Industries Ltd Mumbai, Birla Insurance Advisory Services Ltd. Mumbai and Zenith Exports Ltd. Kolkata and currently occupies the following committee position in VCK Capital Market Services Ltd.

Committee Membership	Position
Audit Committee	Chairman



**VCK CAPITAL MARKET SERVICES LIMITED**

Only Membership / chairmanship of Audit Committee and Shareholders' / Investors Grievance Committee have been disclosed.

Mr. M.M. Bhagat does not hold any equity shares in the company as on date.

The Board of Directors is confident that his vast knowledge and varied experience will be of great value to the company and hence, recommends Resolution no. 7 for your approval. None of the Directors, other than Mr. M. M. Bhagat are interested in the resolution.

**Item No.8**

Mr. N.L Kapadia was appointed as an Additional Director of the company with effect from 27th 2006 by the Board of Directors at its meeting held on the same day. As per section 260 of the Companies Act, 1956, an additional Director holds office upto the date of the Annual General Meeting only. The company has received notice under 257 of the Companies Act, 1956 from a member of the company with requisite deposit signifying the intention to propose the appointment of Mr N.L Kapadia as a Director of the Company.

Mr. N. L Kapadia aged about 58 years is a commerce graduate. Mr. N. L Kapadia was associated with the company for the past 9 years as an Alternate Director to Mr. Reinhold Jungmann. He was engaged throughout in the business of the company and actively participated in the affairs of the company. As he ceased to be the Alternate Director of the company with the resignation of Mr. Reinhold Jungmann the Board by seeing his contribution inducted him as an Additional Director in the Board Meeting dated 27 th June, 2006

He is currently on the Board of Rajda Sales (Cal)

Pvt.Ltd as a joint Managing Director and currently occupies the following committee position In VCK Capital Market Services Ltd.

Committee Membership	Position
Investors/ Shareholders Grievance Committee	Member
Audit Committee	Member

\*Only membership / chairmanship of Audit Committee and Shareholders / Investors Grievance Committee have been disclosed.

Mr. N. L Kapadia does not hold any equity shares in the company as on date. The Board of Directors is confident that his vast knowledge and varied experience will be of great value to the company and hence, recommends Resolution no.8 for your approval.

None of the Directors, other than Mr. N.L. Kapadia are interested in the resolution.



**VCK CAPITAL MARKET SERVICES LIMITED****DIRECTORS REPORT**

To the Members,

Your Directors presents their 23rd ANNUAL REPORT on the Business and Operations of your Company together with Audited Financial Results for the year ended March 31, 2006.

**FINANCIAL RESULTS**

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

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2006	2005
Income from operations	208.75	42.45
Profit/ (Loss) before depreciation	61.87	(8.22)
Amortisation & Taxation	-	-
Provision for Depreciation	1.83	3.67
Amortisation of Miscellaneous Expenditure	-	0.85
Add/ Less prior period Adjustments (net)	-	-
Profit/ (Loss) before Tax	60.04	((11.93)
Profit/ (Loss) after Tax	59.68	(12.74)
Paid up Share Capital	874.18	874.18

**DIVIDEND**

In the present scenario to conserve cash for the growth of the company, the Directors regret their inability to declare any dividend for the year under review.

**OPERATION &**

Investment Banking & Retail Mobilisation

As mention in our information on operations last year we have been able to grow in retail mobilization in terms of revenue. We have also taken the help of all the branches opened by our parent Company, VCK Share & Stock Broking Services Ltd. outlets, and they are all helping us to raise money in Mutual Funds and

various other financial products, which could be evident in the income from operations this time. We have sold off our Subsidiary the VCK Sponsorship fund to VCK Share & Stock Broking Services Ltd. as a process towards consolidation and will focus in the area which we are strong at. We will continue to grow in retail distribution.

**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, 2004 is furnished below :

Particulars	2005-06	2004-05
No. of Unclaimed Deposits :	9	9
Amount of Unclaimed Deposits :	Rs.30,000	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.

**DIRECTORS**

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

**VCK CAPITAL MARKET SERVICES LIMITED**

Mr. Hemal Kampani relinquishes his office as Managing Director with effect from 1st of July 2006 but shall continue as an Ordinary Director of the Company hereinafter.

Mr. Samir Kothari who was inducted in the Board as an Additional Director in the Board Meeting dated 27th June, 2006 has also been appointed as the Managing Director of the company in place of Mr. Hemal Kampani with effect from 1st of July 2006 for a tenure of 5 years which is subject to the approval of the members at this Annual General Meeting.

During the year, Mr. Reinhold Jungmann resigned from the Board with effect from 27th June 2006.

The Board places its gratitude towards the services rendered during his tenure as Director of the Company. He continues to remain as the shareholder of the company.

Mr. N. L. Kapadia who was earlier an Alternate Director of the company ceases to hold the office with the resignation of Mr. Reinhold Jungmann with effect from 27th June 2006. However considering his experience the Board has inducted Mr. N. L. Kapadia as an Additional Director with effect from 27th June 2006, and to hold office till the conclusion of the forthcoming Annual General Meeting of the company. The company has received a Notice under section 257 of the Companies Act, 1956 from a member proposing his appointment to continue as a Director of the company.

Mr. M. M. Bhagat was appointed as an Additional Director with effect from 31st October 2005 to hold office till the conclusion of the forthcoming Annual General Meeting of the company. The company has received a Notice under section 257 of the Companies Act, 1956 from a member proposing his appointment as a Director of the company.

The above appointments /reappointments form part of the Notice of the Annual General Meeting and the resolutions are recommended for your approval.

Profiles of the Directors as required under clause 49

of the Listing Agreement are given in the Report on the Corporate Governance forming part of this Annual Report.

**SUBSIDIARY COMPANY**

The Annual Audited Accounts of VCK Sponsorship Fund Private Limited, are not enclosed with this year's Annual Report, as because VCK Sponsorship Fund Private Limited is no more a subsidiary company of VCK Capital Market Services Limited. Hence Compliance under section 212 of the Companies Act, 1956 is no more applicable for VCK Capital Market Services Limited for the year under report.

**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 2006-2007 on a remuneration to be decided by the Audit committee in consultation with the Board of Directors.

**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.

**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.