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MEFCOM

# ANNUAL REPORT 1998-99

Mefcom CAPITAL MARKETS LIMITED
RBI Approved Non-Banking Finance Co.

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# Mefcom CAPITAL MARKETS LIMITED

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | : | Mr. Vijay Mehta (Chairman)<br>Mr. Deepak Talwar<br>Mr. Jagjeet Sinha<br>Mrs. Indu Mehta |
| COMPANY SECRETARY | : | Mr. Deepak Arora |
| **AUDITORS** | : | **M/s. V. K. DHINGRA & CO**<br>Chartered Accountants<br>1E/15, Jhandewalan Extension<br>New Delhi - 110 055 |
| **BANKERS** | : | Standard Chartered Bank<br>Oriental Bank of Commerce |
| **REGISTERED OFFICE** | : | 12/3, Asaf Ali Road<br>New Delhi - 110 002 |

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# Mefcom Capital Markets Limited

## DIRECTORS' REPORT

Dear Shareholder,

We have pleasure in presenting the Fourteenth Annual Report together with the Audited Accounts of the Company for the Year ended 31st March, 1999.

### FINANCIAL RESULTS

| | From 1st April 98 to 31st March, 99 *(Rs. in Lacs)* | From 1st July 97 to 31st March, 98 *(Rs. in Lacs)* |
|---|---|---|
| Gross Income | 42.70 | 112.50 |
| Profit /(Loss) before interest, depreciation and tax | (34.04) | (192.53) |
| Depreciation | 35.84 | 65.37 |
| Tax | 2.87 | 2.60 |
| Profit/(Loss) after tax | (72.75) | (260.50) |

This Annual Report is not comparable to the previous year as the current results are of 12 months period instead of 9 months in the previous year.

### OPERATIONS

The operations of the Company remained under stress for the current year as well but the worst seems to be over, as you can also notice from the current Balance Sheet. Your Board of Directors are confident of showing a Profit Balance Sheet in the milenium year.

Your Company has now stabilised its operation in both its active business areas of Auto Financing and Porfolio Investments. The receivable in Auto Finance have been consistently reducing and a close check in being kept on fresh loans and monthly receipts. The bullish trend in Stock Markets has brought substantial appreciation in the value of our investments. Both these positive factors should bring good results in the year under operation.

Your company has duly complied with the requirement of RBI prudential norms, regarding income recognisation and provisions of Non Performing Assets.

The auditor reports are self explanatory require no specific explanation except in two cases i.e. non making of provision of gratuity and non deposit of tax on dividend declared on partly paid equity shares. In this regards we wish to clarify that the gratuity is paid on actual basis as and when arise. Hence no provision has been made. Regarding dividend tax on partly paid shares earlier it was advised to us to hold the same now it has been advised otherwise. In view of that management is proceeding immediately for clearing the liability.

### DIRECTORS

Mr. Vijay Mehta, Director of the Company is liable to retire by rotation at the conclusion of this Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his reappointment. Your Board of Directors in their meeting held on Wednesday, the 12th May, 1999 approved the appointment of Mrs. Indu Mehta as Wholetime Director of the company on terms and conditions mentioned in the Notice. Your Directors recommend her appointment for your approval.

### FIXED DEPOSIT

The company does not have any public deposits.



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## AUDITORS

M/s V.K. Dhingra & Company, Chartered Accountants, New Delhi retire at the conclusion of this Annual General Meeting, being eligible for reappointment, have expressed their willingness to be reappointed, as statutory auditors of the Company. Your Directors recommend their reappointment.

## PARTICULARS OF EMPLOYEES

The Company has no employees in the Category of employees specified under section 217(2A) of the Companies Act, 1956.

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

Your Company has no activity relating to conservation of energy or technology absorption.

During the year under review, the Company did not have any foreign exchange earning and outgo.

## SUBSIDIARY COMPANY

Annual Reports and Audited Accounts of the subsidiary company viz. Mefcom Financial Services Ltd. for the period ended 30th September, 1998 are enclosed herewith, pursuant to the provision of section 212 of the Companies Act, 1956.

Hon'ble High Court has passed order on 27th May, 1999 for merger of M/s. Mefcom Financial Services Ltd. with Mefcom Securities Ltd., an associate Group Company retrospectively with effect from 1st October, 1998. In view of that your company shall get 4 Equity Shares of Rs. 10/- each of M/s Mefcom Securities Ltd. in lieu of 5 Equity Shares of Rs. 10/- each of Mefcom Financial Services Ltd. held as an investment.

## DISCLOSURE UNDER THE LISTING AGREEMENT

### CLAUSE 32

Cash flow statement pursuant to clause 32 of the Listing agreement is annexed herewith as annexure I forming part of this report.

### Y2K COMPLIANCE

Appropriate Steps have been taken for Y2K Compliance having no materal financial impact.

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### LISTING FEES

The Shares of your company are listed with Delhi & Mumbai Stock Exchange and all fees upto Financial Year 1999-2000 has been made and nothing is outstanding.

### ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation of the continued support from its Bankers, Government Authorities, Business Constituents, shareholders & employees.

for and on behalf of the Board
For **MEFCOM CAPITAL MARKETS LIMITED**

Place : New Delhi
Dated : August 09, 1999

**(VIJAY MEHTA)**
Chairman



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# Mefcom Capital Markets Limited

## AUDITORS' REPORT

### The Members
### Mefcom Capital Markets Limited

We have audited the attached Balance Sheet of **MEFCOM CAPITAL MARKETS LIMITED** as at 31st March, 1999 and also the Profit and Loss Account of the Company for the year ended 31st March, 1999 annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said report.

2. Further to our comments in the annexure referred to in paragraph 1 above :

   a) 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.

   b) 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 those books.

   c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

   d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 except for non-compliance of Accounting Standard in respect of Accounting for gratuity payable to employees which has not been accounted for on accrual basis.

   e) In our opinion and to the best of our information and according to the explanations given to us, the accounts, subject to non-provision of accruing liability for gratuity, effect of which on the accounts not being ascertained and read with notes thereon, given in Schedule 'K' give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

      i) In case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 1999 and

      ii) In case of Profit and Loss Account of the Loss of the Company for the year ended on that date.

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For V.K. DHINGRA & CO.
Chartered Accountants

Place : New Delhi
Dated : August 09, 1999

(V.K. DHINGRA)
Partner

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## ANNEXURE TO AUDITORS' REPORT
### (Annexure referred to in Paragraph (1) of our Report of even date)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. Assets on lease have been inspected by the field staff on their visits to the lessees during the year and as such the programme of verification of these assets is reasonable having regard to the size of the Company and nature of its assets. Other Fixed Assets of the Company were physically verified by the management at reasonable intervals. No discrepancy was found on verification of Fixed Assets during the year.

2. No fixed asset has been revalued during the year.

3. The investment held as stock-in-trade has been periodically reconciled with the statements. No discrepancies have been noticed on such reconciliation. In our opinion, the valuation of such stock-in-trade is fair and proper and in accordance with the normally accepted accounting principles.



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4. The Company has not taken any loans secured or unsecured from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or from Companies under the same management as defined under Section 370(I-B) of the Companies Act, 1956.

5. In our opinion and according to the informations and explanations given to us, the terms and conditions on which the company has granted loans and advances to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or to the Companies under the same management as defined under Section 370 (I-B) of the Companies Act, 1956, are not prima facie prejudicial to the interest of the company.

6. In respect of loans or advances in the nature of loans granted by the Company, the parties except for non performing advances, were generally regular in payment of principal amount as stipulated and interest, wherever applicable. As per information and explanations given to us reasonable steps are taken for recovery of principal and interest in case of non-performing advances.

7. In our opinion, and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of shares & securities, plant and machinery, equipments and other assets.

8. In our opinion and as per explanations given to us the transactions of purchase and sale of shares made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 as aggregating during the period to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices of such shares, and in case, where market price of such shares are not available we are unable to comment on their reasonableness of the prices charged / paid.

9. The Company has not accepted any deposits from the Public during the year.

10. In our opinion the Company has an Internal Audit System which needs to be further strengthened to be commensurate with the size of the company and nature of its business.

11. The Provident Fund and Employee State Insurance dues have generally been regularly deposited with appropriate authority during the year.

12. According to the books and records examined by us and information and explanations give to us, there were no undisputed amounts except for one stated hereunder, payable in respect of Income-tax, Wealth-tax, Sales-tax, Custom duty and Excise duty which have remained outstanding as at 31st March, 1999, for a period exceeding six months from the date they became payable.
Income Tax amounting to Rs.1,30,113/- on dividend declared for the year 1996-97 pertaining to the unpaid dividend on partly paid-up shares has been outstanding for more than six months as on 31.03.1999.

13. According to the information and explanations given to us and records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or generally accepted business practices.

14. We were explained that the Company has not granted any loans and advances on the basis of security by way of pledge of shares.

15. In respect of investment in shares, proper records have been maintained of the transactions and contracts and timely entries have been made therein and the investment has been held by the Company in its own names except for in certain cases where we were informed that the share certificate were in the process of transfer and in absence of proper evidence we are unable to comment whether the same have been transferred in the Company's name or not.

16. Considering the nature of business being carried on at present by the Company and also the nature of matters referred to in various clauses of Manufacturing and Other Companies (Auditors' Report) Order, 1988 clauses (xii), (xiv) and (xx) of para 4A and 4D (ii) of the aforesaid order are, in our opinion not applicable to the Company.

For V.K. DHINGRA & CO.
Chartered Accountants

Place : New Delhi
Dated : August 09, 1999

(V.K. DHINGRA)
Partner



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# Mefcom Capital Markets Limited

## Balance Sheet as at 31st March, 1999

| | SCHEDULE | AS AT 31.03.1999 Rs. | Rs. | AS AT 31.03.1998 Rs. | Rs. |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| 1 SHARE HOLDERS' FUND | | | | | |
| a) Share Capital | A | 66267369.50 | | 64652392.00 | |
| b) Reserve and Surplus | B | 111064839.00 | 177332208.50 | 110050054.00 | 174702446.00 |
| 2 LOAN FUND | C | | | | |
| -Secured Loan | | | - | | 10203.30 |
| TOTAL | | | 177332208.50 | | 174712649.30 |
| **APPLICATION OF FUNDS** | | | | | |
| 1 FIXED ASSETS | D | | | | |
| Gross Block | | 20063968.08 | | 18633963.59 | |
| Less : Depreciation | | 8059815.42 | 12004152.66 | 5056082.49 | 13577881.10 |
| 2 INVESTMENTS | E | | 42689639.07 | | 49446210.44 |
| 3 CURRENT ASSETS, LOANS & ADVANCES | F | | | | |
| a) CURRENT ASSETS | | | | | |
| - Sundry Debtors | | 920436.00 | | 768434.00 | |
| - Stock-in-Trade | | 26851817.64 | | 11580586.11 | |
| - Cash & Bank Balances | | 2438702.29 | | 18855317.83 | |
| - Other Current Assets | | 7176982.00 | | 580535.50 | |
| b) LOANS & ADVANCES | | 53475662.68 | | 60874220.46 | |
| | | 90863600.61 | | 92659093.90 | |
| Less : CURRENT LIABILITIES & PROVISIONS | G | 5814200.07 | 85049400.54 | 12237885.93 | 80421207.97 |
| 4 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | H | | 5701766.00 | | 6655474.00 |
| 5 PROFIT AND LOSS ACCOUNT | | | 31887250.23 | | 24611875.79 |
| TOTAL | | | 177332208.50 | | 174712649.30 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS | K | | | | |

Schedules referred to above form integral part of this Balance Sheet
As per our report of even date

**For V.K. DHINGRA & CO.**
Chartered Accountants

| (V.K. DHINGRA) | (VIJAY MEHTA) | (INDU MEHTA) | (JAGJEET SINHA) |
|---|---|---|---|
| Partner | Chairman | Whole time Director | Director |

**(DEEPAK ARORA)**
Vice President-cum-
Company Secretary

Place : New Delhi
Dated : August 09, 1999



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## Mefcom Capital Markets Limited

## Profit And Loss Account for the Year ended 31st March, 1999

| | SCHEDULE | CURRENT YEAR Rs. | PREVIOUS PERIOD Rs. |
|---|---|---|---|
| **INCOME** | | | |
| Interest on loans and deposits (TDS : 210718.89 Previous Year Rs. 668933.39) | | 2785886.35 | 4275333.22 |
| Bill Discounting Charges | | (469041.00) | 1024918.72 |
| Lease Income | | 4393879.00 | 6848585.00 |
| Hire Purchase Income | | 2059913.63 | 303267.47 |
| Income/(Loss) from Sale of Shares/ Securities (Net) | | (5756685.25) | (1621464.82) |
| Dividend on Shares | | 220484.45 | 22,050.00 |
| Other Income | I | 1035473.19 | 396864.38 |
| **TOTAL (A)** | | 4269910.37 | 11249553.97 |
| **EXPENSES** | | | |
| Preliminary and other Miscellaneous Expenditure Written Off | | 953708.00 | 719325.00 |
| Personnel, Administrative and Other Expenses | J | 8087814.94 | 18338318.12 |
| Diminution in value of | | | |
| - Stock -in- Trade | | 656012.53 | 294828.67 |
| - Investments | | (2023000.00) | 11150000.00 |
| Depreciation | | 3583853.34 | 6537126.72 |
| **TOTAL (B)** | | 11258388.81 | 37039598.51 |
| Profit/(Loss) For the year (A-B) | | (6988478.44) | (25790044.54) |
| Less : Tax paid/Adjustment for earlier years | | 286896.00 | 259542.35 |
| | | (7275374.44) | (26049586.89) |
| Profit/(Loss) brought forward | | (24611875.79) | 1437711.10 |
| **BALANCE CARRIED TO BALANCE SHEET** | | (31887250.23) | (24611875.79) |
| **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS** | K | | |

Schedules referred to above form integral part of this Profit & Loss Account
As per our report of even date

**For V.K. DHINGRA & CO.**
Chartered Accountants

| **(V.K. DHINGRA)** | **(VIJAY MEHTA)** | **(INDU MEHTA)** | **(JAGJEET SINHA)** |
|---|---|---|---|
| Partner | Chairman | Whole time Director | Director |

**(DEEPAK ARORA)**
Vice President-cum-
Company Secretary

Place : New Delhi
Dated : August 09, 1999



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# Mefcom Capital Markets Limited

## Schedule Annexed to and forming part of Balance Sheet as at 31st March, 1999

| | AS AT 31.03.1999 Rs. | AS AT 31.03.1998 Rs. |
|---|---|---|
| **SCHEDULE 'A' - SHARE CAPITAL** | | |
| **Authorised** | | |
| 1,00,00,000 Equity Shares of Rs. 10/- each | **100000000.00** | 100000000.00 |
| **Issued and Subsribed Capital** | | |
| 81,40,168 Equity Shares of Rs. 10/- each | **81401680.00** | 81401680.00 |
| Paid-up Capital | | |
| 53,81,768 (Previous Year : 81,40,168) Equity Shares of Rs. 10/- each fully paidup | **53817680.00** | 81401680.00 |
| Less : Allotment Money in arrear | - | 16749288.00 |
| | **53817680.00** | 64652392.00 |
| Add : Forfeited Shares Account (Amount paid up on 2758400 Shares) | **12449689.50** | - |
| TOTAL | **66267369.50** | 64652392.00 |
| **SCHEDULE 'B' - RESERVES AND SURPLUS** | | |
| Capital Reserve | | |
| - Profit on reissue of forfeited shares | **467000.00** | 467000.00 |
| Share Premium Account | **108797839.00** | 107783054.00 |
| General Reserve | **1100000.00** | 1100000.00 |
| Special Reserve | **700000.00** | 700000.00 |
| TOTAL | **111064839.00** | 110050054.00 |
| **SCHEDULE 'C' - SECURED LOAN** | | |
| Secured Loan from Others (Secured by hypothecation of Motor Car) | - | 10203.30 |
| TOTAL | - | 10203.30 |



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# Mefcom Capital Markets Limited

SCHEDULE 'D' - FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AS ON 01.04.1998 Rs. | ADDITIONS DURING THE YEAR Rs. | SALES DURING THE YEAR Rs. | TOTAL AS ON 31.03.1999 Rs. | UP TO 31.03.1998 Rs. | FOR THE YEAR Rs. | ADJUSTMENT FOR THE YEAR Rs. | TOTAL AS ON 31.03.1999 Rs. | AS AT 31.03.1999 Rs. | AS AT 31.03.1998 Rs. |
| **ASSETS FOR OWN USE** | | | | | | | | | | |
| Building | 100301.00 | - | 100301.00 | - | 19797.10 | 838.10 | 20635.20 | - | - | 80503.90 |
| Computers | 1017314.80 | - | - | 1017314.80 | 821441.77 | 78349.21 | - | 899790.98 | 117523.82 | 195873.03 |
| Furniture & Fixtures | 345412.05 | 25000.00 | 100000.00 | 270412.05 | 188649.46 | 23154.07 | 58872.11 | 152931.42 | 117480.63 | 156762.59 |
| Office Equipments | 735721.54 | 272800.00 | - | 1008521.54 | 176914.55 | 83326.84 | - | 260241.39 | 748280.15 | 558806.99 |
| Scooter | - | 15000.00 | - | 15000.00 | - | 3883.50 | - | 3883.50 | 11116.50 | - |
| Other Vehicles | 1521062.00 | - | - | 1521062.00 | 503362.05 | 263482.52 | - | 766844.57 | 754217.43 | 1017699.95 |
| **ASSETS ON LEASE** | | | | | | | | | | |
| Machinery | 2450092.00 | - | - | 2450092.00 | 1001074.56 | 80644.00 | - | 1081718.56 | 1368373.44 | 1449017.44 |
| Scooter | 18000.00 | - | 18000.00 | - | 10125.00 | - | 10125.00 | - | - | 7875.00 |
| Auto Three Wheeler | - | 2877152.00 | - | 2877152.00 | - | 127958.00 | - | 127958.00 | 2749194.00 | - |
| Other Vehicles | 12446060.20 | 212665.00 | 1829311.51 | 10829413.69 | 2334718.00 | 2922217.10 | 490488.10 | 4766447.00 | 6062966.69 | 10111342.20 |
| **CAPITAL WORK IN PROGRESS** | - | 75000.00 | - | 75000.00 | - | - | - | - | 75000.00 | - |
| **TOTAL** | 18633963.59 | 3477617.00 | 2047612.51 | 20063968.08 | 5056082.49 | 3583853.34 | 580120.41 | 8059815.42 | 12004152.66 | 13577881.10 |
| **PREVIOUS YEAR** | 16981361.59 | 8379575.00 | 6726973.00 | 18633963.59 | 4362654.77 | 6537126.72 | 5843699.00 | 5056082.49 | 13577881.10 | 12618706.82 |

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