

Annual Report 2005-06



financial services and solutions

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Mefcom Capital Markets Ltd.



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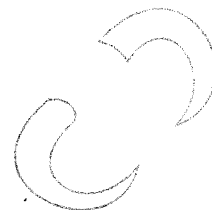
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Group Financials 2005-06

Share Capital : Rs. 662.67 Lacs

Free Reserves : Rs. 211.43 Lacs

Borrowings : Rs. 7.22 Lacs

Gross Income : Rs. 367.73 Lacs

Fixed Assets : Rs. 227.77 Lacs

Networth at cost price : Rs. 873.97 Lacs

Book Value : Rs. 16.24

No. of Employees : About 50

No. of Shareholders : About 3700



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Group Services

Group Products

Equities • Derivatives • Commodities

Wealth Management • Investment Banking

Group Companies

Mefcom Capital Markets Ltd. : Portfolio Managers & Merchant Bankers

Mefcom Securities Ltd. : Corporate Members : BSE, DSE & NSE

Mefcom Commodity Brokers Ltd. : Corporate Members : MCX, NMCX & DGCX

Mefcome Infrastructure Projects Ltd. : Real Estate Holdings & Development

All Group Companies are authorised and regulated
by concerned regulators like RBI, SEBI, FMC & DMCC

Mefcom Capital Markets Ltd. (Incorporated in January, 1985) is the holding company duly listed on the Bombay Stock Exchange Ltd., Mumbai. It has about 3700 shareholders including institutions like Allahabad Bank, Catholic Syrian Bank, PNB Mutual Fund and about 200 NRIs from all over the world. The other 3 companies are subsidiaries of Mefcom Capital Markets Ltd.

Group Associates

Clearing Bankers : HDFC Bank Ltd.

Depository Participant : II&FS Ltd.

Share Registrars & Transfer Agents : Intime Spectrum Registry Ltd.

VPN V-SAT network Provider : Bharti Comnet Ltd.

ODIN Software Provider : Financial Technologies (India) Ltd.

Back Office Software Provider : Shilpi Computers Ltd.



From the Chairman's Desk

Dear Shareholders,

My letter to you in the last balance sheet had concluded by saying that 'The worst for your company seems to be over'. The prophecy could not be better as you can judge from the current balance sheet itself. This has been partly due to the fact that 2005-06 has probably been amongst the best years for the Indian economy as a whole and the stock markets in particular. There was historical growth in corporate profits across the board which obviously reflected in their share prices. A majority of the listed companies touched their all time high and the markets showed a remarkable maturity and depth.

After touching dizzying heights during the year, the markets also had its steepest fall in May-June of 2006 in which most of the investors were caught unawares, many of whom saw even more than 50% erosion in their wealth. Though the markets have since recovered majority of its fall at the time of writing this letter to you, it has not yet fully brought back all the investors who left after the fall. These developments have affected income of all market intermediaries in the current year. However, there does not seem to be any major cause for worry.

Capital Markets today are in sharp focus and are regarded as barometer of the Indian economy. The field is widening and the global players are entering Indian arena. Indian markets have become global in true form now are today directly linked with the global developments. With Indian being predicted and poised for a major economic leap forward in the years to come, the financial markets in India too are expected to follow it.

Restructuring at Mefcom

The last year went into a lot of restructuring and consolidation. Your management identified financial services and solutions as its core competency area. In view of that, Mefcom Capital markets Ltd. disinvested its majority shareholding in Mefcom Agro Industries Ltd. which has erstwhile been a manufacturing arm of Mefcom Group. The profits earned from disinvestments are being invested into a new company called Mefcom Infrastructure Projects Limited which is under incorporation at the moment. Real estate and infrastructure development is a very promising area and is a part of the financial services sector all over the world. Your management feels that the shareholders will be benefitted in case the company is able to make a successful entry into this field which will be known in times to come.

The registered and corporate office of all the group companies is also moving into Nehru Place which is a leading commercial hub of Delhi in South Delhi. It is a posh state-of-the-art office which is expected to improve efficiencies and also offer better environment to the new breed of professionals which the company proposes to hire to successfully carry out its new business model and expansion plans. The new office will be operational w.e.f. 1st October, 2006. The old office, however, shall continue to function for brokerage activities.



From the Chairman's Desk

In-line with the changed environment and restructuring, the group logo has also been slightly modified. The cage surrounding the main logo has been removed thereby conveying the removal of limitations. The alphabet V has been added to signify 'Victory'. The colour scheme is a combination of young red and greyish blue which are the standard financial services business colours.

Business Model

The main income of your company in the last three years has been earned from investments. The experience gained has reflected into grant of a Licence as Portfolio Managers by SEBI. SEBI has also renewed company's licence to restart its activities as Merchant Bankers. This clarifies the business model and your management is confident of earning additional income in the company through its new activities. The company has not yet been able to tap full potential of its brokerage business despite boom like conditions in the market. This has happened due to high competition and substantial drop in brokerage rates. With addition of new resources and technological upgrading, your management is hopeful of overcoming this problem and expects to substantially increase its business in brokerage as well as in other activities.

Restructuring of the group companies and their business model has resulted into a clear vision and renewed enthusiasm which should be evident in the growth of your company in the next 2-5 years.

Re-issue of Forfeited Shares

The company has made its maiden public issue in 1995 at a premium. A number of shares were forfeited after the public issue as many shareholder did not pay the allotment money in view of a downward trend in the stock market. Your Board of Directors have now decided to re-issue these shares at par value to the existing shareholders in proportion to their shareholding, the necessary approval for which has been received from BSE. This should partly compensate the original shareholders for the premium paid by them and shall bring down cost of their holding in the company. I am sure that all of you would like to avail of the opportunity and subscribe to your entitlement. The detailed offer letter is being mailed to use separately.

It is the beginning of a new journey at Mefcom. I wish and pray that God will bless us through it.

With kind regards,

(Vijay Mehta)

Mefcom Capital Markets Limited

AUDITED FINANCIAL RESULTS 2005-2006

BOARD OF DIRECTORS : Vijay Mehta, Chairman
Sham Nijhawan
R. K. Pandey
Priyanka Mehta
T. R. Khare

AUDITORS : V.K. Dhingra & Co.
Chartered Accountants
1E/15, Jhandewalan Extn.
New Delhi 110 055

BANKERS : HDFC Bank
Oriental Bank of Commerce

**SHARE REGISTRARS
& TRANSFER AGENTS** : Intime Spectrum Registry Ltd.
A-31, 3rd Floor, Near PVR Cinema
Naraina Indl. Area, Phase-I,
New Delhi-110 028

REGISTERED OFFICE : Sanchi Building
77, Nehru Place
New Delhi-110019



A Non Banking Finance Company
(Registered with Reserve Bank of India at No. 14.00417)



Mefcom Capital Markets Limited

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Company will be held on Saturday, the 30th September, 2006, at 11.00 A.M. at Mefcom Estate, E-15, Ansal Villas, Satbari, New Delhi 110030, to transact the following business:

ORDINARY BUSINESS:-

1. To consider and adopt the audited balance sheet, profit and loss account for the year ended 31st March 2006 along with the Directors' and Auditors' reports thereon.
2. To appoint a Director in place of Mr. Sham Nijhawan, who retires by rotation at the conclusion of this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. T.R.Khare, who retires by rotation at the conclusion of this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution:-**

RESOLVED That Mr. Radha Krishna Pandey, who was appointed as an additional Director of the Company by the Board of Directors w.e.f. 24th July, 2006 under Section 260 of the Companies Act, 1956 and who holds office up to the conclusion of this Annual General Meeting, but who is eligible for re-appointment and in respect of whom, the Company has received a notice from a Member, proposing his candidature for the office of a Director under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, where period of office shall be liable to determination by rotation.

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Special Resolution:-**

RESOLVED THAT a Corporate Guarantee issued by the Company in favour of HDFC Bank Limited as a continuing security to the extent of Rs. 10000000/- (Rupees one crore only) in consideration of the Bank having agreed to grant Bank Guarantee facility to Mefcom Securities Limited (borrower) and the same shall be enforceable in full force against the Bank Guarantees that may be issued by any other bank/s with whom HFDC Bank at its sole discretion may have interse arrangements from time to time subject to the extent of the sanctioned facility without any requirement of any notice to or consent of the Company in relation thereof.

Regd. Office:

Sanchi Bldg.
77, Nehru Place
New Delhi - 110 019

By order of the Board
for **Mefcom Capital Markets Ltd.**

(Vijay Mehta)
Chairman

Place: New Delhi

Dated: August 28, 2006

NOTES :-

- a) Members entitled to attend and vote is entitled to appoint proxy to attend and vote instead of himself/herself and the proxy need not be a member. 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.
- b) Register of Members and the share transfer books of the Company will remain closed w.e.f. Friday the 29th September 2006 to Saturday the 30th September 2005 (both days inclusive).
- c) M/s Intime Spectrum Registry Ltd. A-31, 3rd Floor, Naraina Industrial Area, Phase -1 (Near PVR Cinema) New Delhi-110028, is Registrar and share transfer agent of the Company for electronic mode and transfer of shares held in physical form. Pursuant to the directions of Securities & Exchange Board of India (SEBI), trading of the shares of the Company is in compulsory in de-materialized form for all investors. The ISIN No. of the Company is **INE186C01015**.

- d) Members are requested to intimate to M/s Intime Spectrum Registry Ltd., A-31, 3rd Floor, Naraina Industrial Area, Phase 1, (Near PVR Cinema), New Delhi 110028, regarding change, if any, of their address for mailing purposes.
- e) As per the amended provisions of the Companies Act 1956, the facility for making nomination is now available to the Members in respect of the Shares held by them. Nomination Form can be obtained from the Company's Registrar M/s Intime Spectrum Registry Ltd.
- f) Members desiring information / clarification on the accounts are requested to write to the Company at its Registered Office at least seven days before the date of the Annual General Meeting so that the same may be responded well in advance.
- g) Registered Office of the Company has been changed from B-350, New Friends Colony, New Delhi-110065, to Sanchi Bldg., 77 Nehru Place, New Delhi-110019. Members are requested to please make a note of this change in the registered office for any further communication with the company. This information is also sent to the shareholders separately.
- h) As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report at the meeting.

INFORMATION PURSUANT TO CLAUSE 49 VIA OF THE LISTING AGREEMENT

At the ensuing Annual General Meeting, Mr. T.R.Khare and Mr. Sham Nijhavan retire by rotation and being eligible, offer themselves for reappointment. Sh. Radha Krishna Pandey is seeking appointment. The information/details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.5

Mr. Radha Krishna Pandey was appointed Additional Director of the Company w.e.f. 24th July 2006 and holds office up to the conclusion of this Annual General Meeting. A notice from a Member under Section 257 of the Companies Act, 1956, has been received by the Company, signifying his intention to propose the appointment of Mr. Radha Krishna Pandey, as Director of the Company.

Except Mr. Radha Krishna Pandey, none of the Directors is concerned or interested in the resolution.

Item No.6

The corporate guarantee for Mefcom Securities Ltd. (a subsidiary of the Company) was given to HDFC Bank for Rs.10000000/- (Rupees one crore only) by the company as a continuing security by passing the resolution by Board of Directors on 11th June, 2005.

None of the Directors is concerned or interested in the resolution.

Regd. Office:

Sanchi Bldg.
77, Nehru Place
New Delhi - 110 019

*By order of the Board
for Mefcom Capital Markets Ltd.*

(Vijay Mehta)
Chairman

Place: New Delhi
Dated: August 28, 2006