

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE **28TH ANNUAL GENERAL MEETING** OF THE MEMBERS OF **MEFCOM CAPITAL MARKETS LIMITED** WILL BE HELD ON SATURDAY, THE 6TH JULY, 2013 AT 11.30 A.M. AT **E-15, ANSAL VILLAS, SATBARI, NEW DELHI – 110030** TO TRANSACT THE FOLLOWING BUSINESS;

### ORDINARY BUSINESS: -

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and Profit and Loss Account for the year ended on that date along with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sham Nijhwan, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. T.R.Khare, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the company to hold office from the conclusion of this Annual general Meeting until the conclusion of the next Annual General Meeting on such remuneration as the Board may decide.

### SPECIAL BUSINESS: -

5. To consider and if thought fit to pass with or without modification(s) following resolution as a **ORDINARY RESOLUTION:-**

**“RESOLVED THAT** in terms of Schedule XIII of the Companies Act 1956 and pursuant to section 198, 269, 310 and other applicable provisions if any, of the Companies Act, 1956 and subject to such other approval / sanction as may be necessary, Mr. Vijay Mehta be and is hereby appointed as Managing Director of the Company for a period of five years with effect from 01.07.2013 to 30.06.2018 on a remuneration and other terms and conditions setout hereinafter:-

#### a. Salary

Salary of Rs. 2,50,000/- (Rupees two lac fifty thousand only) per month.

#### b. Commission on Net Profit:-

In addition to salary Mr. Vijay Mehta will be also entitled for Annual Performance Incentive, to be decided by the Board of Directors/ Remuneration Committee from time to time based on performance criteria to be fixed by the Board for each financial year within the maximum amount payable in accordance with the provisions of section 349 to 350 of the Companies Act 1956 or any amendments/ approvals hereafter in this regard.

#### c. Perquisites

In addition to salary and commission as stated above, Mr. Vijay Mehta will also be entitled to perquisites restricted to an amount equal to the annual salary or Rs. 30,00,000/- per annum, whichever is less. For this purpose the perquisites are classified into three categories part A, B, & C as follows: -

### PART A

#### 1. Housing:-

- a. In case of unfurnished accommodation hired by the Company, on hiring of such accommodation shall not exceed 60% of the salary, over and above 10% payable by the Managing Director himself.
- b. In case of the accommodation provided is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the company.
- c. In case no accommodation is provided by the company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in (1) (a) above.

- d. The expenditure incurred by the company on gas, electricity, water and furnishing will be valued as per Income Tax Rules, 1962. This will however, be subject to ceiling of 10% of the salary of Managing Director.

#### 2. Medical Reimbursement:-

Expenditure incurred for self and family subject to ceiling of one month salary per year or three months salary over a period of three years.

#### 3. Leave Travel Concession:-

For self and family once in a year to and from place in India subject to the condition that only actual fare A.C. 1st class / by Air, shall be reimbursed.

#### 1. Club Fees:-

Fees of club to maximum of two clubs, admission and life membership fees being not allowed.

#### 2. Personal Accident Insurance:-

Premium not to exceed Rs.10000/- per annum.

### PART B

1. Contribution made by the Company to the provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Payment of gratuity at the rate of one half month's salary for each completed years of service.

### PART C

1. Provision of company's car with driver for use on company's business and telephone at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the company.
2. Leave with full pay and allowances in accordance with rules of the company. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.
3. Mr. Vijay Mehta shall not be entitled for sitting fees for attending meeting of the Board or committee w.e.f. taking over charge as Managing Director.
4. Mr. Vijay Mehta shall not retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said appointment so as not to exceed the maximum limits of payment of managerial remuneration prescribed in Schedule XIII The Companies Act, 1956 or any amendments thereto or any other guidelines issued by the Central Government from time to time or any amendments in the Companies Act, 1956.”

By order of the Board  
For Mefcom Capital Markets Ltd.

#### Registered Office

5th Floor, Sanchi Building,  
77 Nehru Place  
New Delhi – 110019

Place : New Delhi

Dated : May 30, 2013

(Vijay Mehta)  
Chairman

**NOTES: -**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxy, in order to be effective, should be duly stamped, filled, signed and must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. M/s Beetal Financial & Computer Services Pvt. Ltd., 99, Beetal House, Madangir, New Delhi - 110062, are the Registrars and Share Transfer Agents 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 compulsory in de-materialized form for all investors. The ISIN No. of the Company is **INE186C01015**.
3. Register of Members and the Share Transfer books of the Company shall remain closed from Friday the 5th July, 2013 to Saturday the 6th July 2013 (both days inclusive) in connection with the 28th Annual General Meeting of the Company.
4. Shareholders are requested to intimate to M/s Beetal Financial & Computer Services Pvt. Ltd., 99, Beetal House, Madangir, New Delhi – 110062, regarding change, if any, of their postal as well as E-mail address for mailing purposes.
5. Keeping in-view of the new provision of Ministry of Corporate Affairs (MCA) Government of India, the Company may send various notices/documents to its members through electronic mode to the registered e-mail address of the shareholders. In view of this, the shareholders are requested to provide their e-mail IDs to the Company duly mentioning their Folio No., Name and number of shares held as on date. This can also be sent by electronic mode to the Company at following e-mail IDs of the Company / or its RTA:-
  - a) r.n.yadav@mefcom.in
  - b) beetalrta@gmail.com
6. The shareholders, who have not converted their shares into demat form, are requested to do so, in their own interest.
7. The documents referred to in the proposed resolutions are available for inspection at the registered office of the Company during working hours between 10.00 A.M. and 1.00 P.M. except on holidays.
8. 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 in the meeting.
9. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting's venue.
10. Members holding shares in physical form can avail the nomination facility by filing form 20B (in duplicate) with the Company's Registrar and Share Transfer Agents which will be made available on request and in case of shares held in dematerialized form, the nomination has to be lodged with their DP. Members holding shares in dematerialized form may contact their DP for recording nomination in respect of their equity shares.

11. As required under Clause 49(IV) G of the Listing Agreement with the Stock Exchange, the relevant details of Directors retiring by rotation and seeking re-appointment at the ensuing AGM are furnished in the Corporate Governance section of this Annual Report.
12. Members are requested to bring their copies of the Annual Report to the meeting.
13. The Company has designated exclusive e-mail ID viz r.n.yadav@mefcom.in to enable investors to send their complaints /queries if any.
14. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

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

**Registered Office**  
5th Floor, Sanchi Building,  
77 Nehru Place  
New Delhi – 110019

Place : New Delhi  
Dated : May 30, 2013

**(Vijay Mehta)**  
Chairman

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

**Item No.5**

Mr. Vijay Mehta is presently the Director of the company. He is looking after the overall operations of the company. He is a man of varied experience in diverse fields. Moreover he is a well known figure in the field of financial services in the country. Your directors therefore recommend for your approval his appointment as Managing Director, which would be in the interest of the company. It is proposed that he should be appointed as Managing Director w.e.f. 1st July 2013 for a period of five years by ordinary resolution.

Keeping in consideration the interests of the company, your directors recommend this resolution for your approval.

Except Mr. Vijay Mehta, none of the directors is concerned or interested in the resolution.

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

**Registered Office**  
5th Floor, Sanchi Building,  
77 Nehru Place  
New Delhi – 110019

Place : New Delhi  
Dated : May 30, 2013

**(Vijay Mehta)**  
Chairman

## DIRECTORS' REPORT



Dear Shareholders,

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Accounts of the company for the year ended 31st March 2013.

## FINANCIAL RESULTS

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2013 (₹ IN LACS)	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2012 (₹ IN LACS)
Gross Income	356.94	76.46
Total Expenses	355.52	106.65
Profit / (Loss) before Interest, Depreciation and Tax	1.42	(30.19)
Depreciation	7.43	9.50
Interest	5.43	29.33
Provision for Income Tax (incl. fringe benefit tax)	0	0
Prior period expenses	0.03	0
Profit / (Loss) after Tax	(11.47)	(69.02)

## OPERATIONS AND FUTURE OUTLOOK

Your Company has incurred a loss of Rs.11.47 lacs as compared to the loss of Rs.69.02 lacs in the previous year. This loss is mainly due to the erosion of value in the investment in shares held by the company during the year.

Merchant Banking activities is also very low in the year under review in comparison to the previous year. The company is taking necessary steps to show better results in ensuing year in this activity.

Your directors are putting their best efforts for the growth of the company.

## DIVIDEND

With a view to conserve resources of the company, the Directors of the company do not recommend any dividend.

## SUBSIDIARY COMPANIES

The company has one subsidiary company namely M/s Mefcom Securities Ltd. There has been no material change in the nature of the business of the subsidiary.

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, Ministry of Corporate Affairs vide its circular No.2/2011 dated 8th February, 2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary company with the balance sheet of the company. A statement containing brief financial details of the subsidiary company for the financial year ended March 31, 2013 is included in the Annual Report. The annual accounts of the subsidiary and the related detailed information will be made available to any member of the Company/its subsidiary at the registered office of the company. The annual accounts of the said subsidiary will also be available for inspection, as above, at the registered office of the respective subsidiary company. The Company furnish a copy of the details of annual accounts of subsidiary to any member on demand.

## CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per Clause 49 of the Listing Agreement with Stock Exchange, the Company has adopted a Code of Conduct which is applicable to the members of the Board and senior management. The Company fully

complies with the Corporate Governance practices as enunciated in the Listing Agreement, Corporate Governance Report and Management Discussion and Analysis Report are annexed and marked Annexure-1, which form part of this report.

## PUBLIC DEPOSIT

During the year under review, the company has not accepted any deposits as defined under section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules 1975.

## DIRECTORS

In Accordance with the provisions of Companies Act, 1956 and Articles of Association of the company, Shri Sham Nijhawan and Shri T. R. Khare retires by rotation at the ensuing Annual General Meeting, but being eligible offers themselves for re-appointment. The Board recommends their re-appointment.

The terms of Mr. Vijay Mehta, as Managing Director expired on 30.09.2012 therefore he has been appointed Managing Director of the Company by the Board of Directors in their meeting held on 30th May 2013 w.e.f. 01.07.2013.

## DIRECTORS RESPONSIBILITY STATEMENT

In accordance with Section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- The directors had adopted such accounting policies and are applying them consistently and to make judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March, 2013 and of the losses of the Company for that year.
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The directors had prepared the annual accounts of the Company for the year ended March 31, 2013 on a "Going Concern" basis.

## AUDIT COMMITTEE

In accordance with the requirement of Clause 49 of the Listing Agreement with Stock Exchange, the Board has constituted the Audit Committee which comprised 3(three) Independent Directors viz Shri Tarsem Garg (Chairman) Shri Sham Nijhawan Shri Shailendra Haruray and Shri T.R.Khare as a member.

The composition, role, functions and powers of the Audit Committee are in accordance with the applicable laws and the Listing Agreement with the Stock Exchange.

## AUDITORS

## Statutory Auditors

M/s V. K. Dhingra & Company, Chartered Accountants, New Delhi, hold office as the Auditors of the Company until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a Certificate to the effect that the re-appointment, if made, would be within the limits prescribed under the Section 224(1-B) of the Companies Act, 1956.

**AUDITORS' REPORT**

As regards the Auditors' observations the relevant Note in Significant Accounting Policies, Notes on Accounts and other disclosures are self-explanatory and, therefore, do not call for any further comments.

**CONSERVATION OF ENERGY**

The company is engaged in providing financial services and such operations do not account for substantial energy consumption. However the company is taking all possible measure to conserve the energy. Several environment friendly measures have been adopted by the company such as:

- Installation of TFT monitors that save the power.
- Automatic power shut down of the monitors.
- Creating environmental awareness by way of distributing information in electronic form.
- Minimizing Air-Conditioning usage.
- Shutting off all the lights when not in use.
- Education and awareness programs for the employees.

The management frequently puts circulars on the corporate intranet for the employees, educating them on ways and means to conserve electricity and other natural resources and ensures strict compliance with the same.

**TECHNOLOGY ABSORPTION**

The management understands the importance of technology in the business segment in which the company works and lays utmost emphasis on the system development and innovation with the use of new technological advancements. During the year the company has installed several software's and this effort will reduce the unnecessary usage of paper and manpower.

**FOREIGN EXCHANGE EARNING AND OUTGO**

During the year under review, company did not have any foreign exchange earning and out go.

**DEMATERIALISATION OF SHARES**

In pursuance of SEBI / Stock Exchange directions, your Company offered demate option to its esteemed shareholders so as to enable them to trade the shares in the demate form. In response, 95.85% shares have been converted into demate form up to 31st March, 2013. The stock code number is ISIN – INE186C01015.

**PARTICULARS OF EMPLOYEES**

During the year under report, the relations between the Company's management and its staff continued to remain cordial. The Directors place on record their deep appreciation of the devoted services of the staff and executives.

No employee of the company is getting remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

**ACKNOWLEDGEMENT**

Your directors wish to express their grateful appreciation for the co-operation and assistance extended to the company by various Government departments, regulators, stock exchanges, other statutory bodies and bankers to the company. The directors thankfully acknowledge the continuous support and guidance of all the shareholders and, more importantly, for the confidence reposed in the Company's management.

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

Place : New Delhi  
Dated : May 30, 2013

(Vijay Mehta)  
Chairman

**Statement Pursuant to Section 212 of the Companies Act 1956 relating to Subsidiary Companies**

	<b>Name of the Subsidiary Company</b>	<b>Mefcom Securities Ltd.</b>
1.	Financial Year of the subsidiary companies ended on	31st March, 2013
2.	(a) Issued subscribed and paid-up capital of subsidiary companies..	50,00,000 Equity Shares of Rs.10/- each.
	(b) Extent of interest of Mefcom Capital Markets Ltd. in the capital of Subsidiary	29,99,900 Equity Shares of Rs.10/-each. (60%)
3	The Net aggregate amount of Profits/(Losses) of the subsidiary so far as it concern the members of Mefcom Capital Markets Ltd. and is not dealt with in the Accounts of Mefcom Capital Markets Ltd.	
	(a) For the financial year 31st March, 2013.	(5500127)
	(b) For the previous financial years of the subsidiary since it became subsidiary of Mefcom Capital Markets Ltd.	(3150391)
4.	Net aggregate amount of profit/ (losses) of the subsidiary so far as dealt with or provisions made for those losses in the accounts of Mefcom Capital Markets Ltd.	
	(a) For the financial year ended 31st March, 2013.	Nil
	(b) For the previous financial years of the subsidiary since it became subsidiary of Mefcom capital Markets Ltd.	Nil

For and on behalf of Board of Directors

Place : New Delhi  
Date : May 30, 2013

(Vijay Mehta)  
Chairman



## Forming part of Directors Report

### MANAGEMENT DISCUSSION AND ANALYSIS

#### INTRODUCTION

Management Discussion and Analyses mainly comprises the statements which, inter alia involve predictions based on perceptions and may, therefore, be prove to risk and uncertainties. It is the sum total of the Company's expectations, beliefs, estimates and projections which may be forward looking within the meaning of applicable securities, laws and regulations. The actual results could differ materially from those expressed herein specifically or impliedly.

The important factors that could make difference to the Company's operations, changes in Government regulations, tax regimes, economic developments within India and countries in which the Company conducts business.

#### Overview of the Indian Economy

India is the fourth largest economy in the world after the European Union, United States of America and China in purchasing power parity terms, with an estimated Gross Domestic Product ("GDP") (purchasing power parity) of U.S.\$ 4.46 trillion in 2011 (Source: CIA World Factbook 2011). India rebounded from the global financial crisis, largely because of strong fundamentals and robust banking policies, posting a GDP growth 7.8% in 2011.

#### Industry structure and developments

The securities market achieves one of the most important functions of channeling resources to productive resources or from less productive resources to more productive resources. Hence in the broader context the people who save and investors who invest focus more towards the economy's abilities to invest and save respectively. This enhances savings and investments in the economy, the two pillars for economic growth. The Indian Capital Market has come a long way in this process and with a stronger regulator it has been able to usher an era of a modern capital market regime. The past decade in many ways has been remarkable for securities market in India. It has grown exponentially as measured in terms of amount raised from the market, the number of listed stocks, market capitalisation, trading volumes and turnover on stock exchanges, and investor population. The market has witnessed fundamental institutional changes resulting in drastic reduction in transaction costs and significant improvements in efficiency, transparency and safety.

#### Indian Financial Services Sector

The financial sector in India is characterized by liberal and progressive policies, vibrant equity and debt markets and prudent banking norms. India's financial sector has been one of the fastest growing sectors in the economy. India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets etc. India. The Indian financial sector attributes its growth to technology up gradation, consolidation of large broking houses, evolution of e-broking business, growth in retail segment, regulatory reforms, diversified asset instruments and foreign investment participation. There is huge growth potential in the Indian financial sector. Sectors such as banking, asset management and brokerage have been liberalized to allow private sector involvement, which has contributed to the development and modernization of the financial services sector. This is particularly evident in the nonbanking financial services sector, such as equities, derivatives and commodities brokerage, residential mortgage and insurance services, where new products and expanding delivery channels have helped these sectors achieve high growth rates.

The Indian economy is marching towards a high growth trajectory, albeit with certain impediments on the horizon. While the year began on an optimistic note, concerns on sustainability of the high growth phase had surfaced by the middle of Financial Year 2012-13. The Current Account Deficit (CAD) widened during 2012-13. The Indian rupee has also seen significant nominal and real depreciation during current fiscal. However, this trend has been in line with that of other emerging market currencies, which too depreciated significantly as US dollar appreciated with flight to safety amidst rising risk aversion. Stocks in India had a negative performance during this period, more particularly the month of October 2012. India Stock Market (SENSEX) declined 373 points or 2.00 percent during the last 30 days. Despite improvement in the overall optimism about the economy, the financial markets continued to witness high volatility primarily driven by the direction and magnitude of foreign capital flows and movement in industrial production and inflation.

#### Funds mobilisation through Public Offerings:

Indian companies, during the financial year 2012-13 mobilised a total of Rs 34,519 crore via public equity issues, including initial public offering (IPO) and Offer-for-Sale (OFS) mechanism on the stock exchanges. This fund-raising was 44 per cent higher than preceding year, when firms had mopped up Rs 23,989 crore. The last fiscal year, of course fell substantially short of Rs 52,219 crore, the highest amount that has ever been raised (in 2007-08). PSUs dominated the year with a total collection of Rs 23,857 crore or 69 percent of the overall amount. This included 33 IPOs and 35 OFS. Individually, 35 OFS raised Rs 28,024 crore (81 percent of the total funds garnered), compared to Rs 18,096 crore mobilised by three companies in the preceding year. Besides, companies have collectively raised Rs 6,495 crore via IPO or 19 percent of the total amount. Also, as many as 24 issues listed on the SME platforms of NSE/BSE collectively raising only Rs 206 crore.

The mobilisation in the year could have been higher but for the deferment of some large PSU offerings and continuing volatility in the secondary market. However this would have been much lower but for the 35 OFS done through stock exchange auction system, which only technically fall under the category of public issues.

#### Prospects and challenges

Your Company alongwith its subsidiary company – Mefcom Securities Limited, offer its clients an integrated financial services platform by offering various financial services and products covering equity broking, F & O, and portfolio advisory. It also proposes to offer trading in currency derivatives also in the next financial year. Our integrated service platform allows us to leverage relationships across the lines of businesses and our industry and product knowledge by providing multi-channel delivery systems to our client base. The volatility in the stock indices in the financial year under report represents both an opportunity and challenge for the company.

Being an investment banking company, your company seeks opportunities in the capital market activities in which most of our activities depend on is also influenced by global events and hence there is an amount of uncertainty in the near term outlook of the market. The economic crisis in some countries in the Europe and Middle East has added some volatility globally and Indian stock market has not yet decoupled from such global trends.

#### SWOT

##### Strengths

- Transparent functioning
- Innovative I. T solutions for customers



- Emphasis on building stronger bond with customers
- Services offered include Equity Trading, IPO and Investment Advisory
- Competent management team
- Focus on quality and service

#### Weaknesses

- Lack of PAN India presence
- Indians are mostly conservative and prefer investing in Gold and Real Estate

#### Opportunities

- High purchasing power and people looking to more investment opportunities
- Growing rural market
- Earning Urban Youth

#### Threats

- Stringent Economic measures by Government and RBI
- Entry of foreign firms in Indian Market

#### Segment-wise Performance

The Company has considered business segment as the primary segment. Segments have been identified taking into account the nature of the activities, the differing risks and returns, the organization structure and internal reporting system. There are no reportable geographical segments.

Segment wise information can be viewed in Note No.30 annexed to and forming part of Balance Sheet as at and Profit & Loss Account for the year ended on 31st March 2013

#### Operations and Future Outlook

The Company has shown a net loss this year as mentioned above. It is because this year market conditions were unfavorable for IPO and other major activities in the capital market; which affects the business of the company and further affects the total income of the company.

The Company holds permanent registration as Merchant Bankers from SEBI. Last year your company has entered into a joint venture with Beaufort Merchant Bank of London to explore overseas assignments, but it could not get desired results because of global slowdown. The small and medium companies have now got a separate SME platform to list their shares so now even small companies can go for IPO which will also help to increase the business of your company. It is expected that company will grow in future and will give better results as the capital market is expected to do better in future.

#### Risks & Concern:

The stock broking industry has recently witnessed intense competition, falling brokerage rates and the entry of several big players. The company's subsidiary company continues to achieve cost efficiencies through the application of technology.

The capital market industry in which your Company is operating is subject to extensive regulation. The Company evaluates the technological obsolescence and the associated risk and makes investment accordingly.

#### Internal Control Systems & their adequacy:

The company has proper and adequate systems of internal control in order to ensure that assets are safeguarded and transactions are duly

authorized, recorded and reported correctly. With the Implementation of new systems, internal control will get further reinforced through system based checks and controls.

Internal Audit function is being looked after by a professional firm of Chartered Accountants. They independently evaluate the adequacy of internal control system. Based on the audit observations & suggestions, follow up & remedial measures are being taken on a regular basis.

#### Financial Performance with respect to Operational Performance:

##### Share Capital

The paid up equity share capital of the Company as on March 31, 2013 stands at Rs 91,401,680/- divided into 91,40,168 equity shares of Rs 10/- each fully paid up.

##### Reserves and Surplus

During the year under consideration, the reserves and surplus stands at Rs 18.92 Lacs

##### Investments

The total investment decreased to Rs.607.05 Lacs as at March 31, 2013 against Rs.964.27 Lacs at the end of the previous year as the management has off-loaded a few investments.

##### Loan

Secured Loan stands at Rs 16.23 Lacs as at March 31, 2013.

##### Total Income

During the year under consideration, total income was Rs.356.94 Lacs as against Rs.76.46 Lacs in the previous year.

##### Other Income

During the year under consideration, other income was Rs.28.43 Lacs as against Rs 41.34 Lacs in the previous year.

##### Interest and Finance Charges

During the year under consideration, total interest and finance charges were Rs.54.29 Lacs

##### Human Resources

The Company has a small but efficient Human Resource Division which is well equipped to meet the present and future growth plans. Relations with employees were cordial throughout the year. The unity of purpose to continuously strive for all round improvements in work practice & productivity is visible among all the employees.

#### Cautionary Statement:

Certain statements in the Management Discussion & Analysis Report describing the company's views about the Industry's expectations/ predictions/objectives etc. may be forward looking within the applicable laws and regulations. Actual results may differ materially from those expressed in the statements. Company's operations may be affected with the demand and supply situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as industrial relations and economic developments etc. Investors should bear the above, in mind.

By order of the Board  
For Mefcom Capital Markets Ltd.

Place : New Delhi  
Dated : May 30, 2013

(Vijay Mehta)  
Chairman

## CORPORATE GOVERNANCE REPORT

### 1 Company's philosophy on Corporate Governance

For Mefcom, maintaining the highest standards of corporate governance is not a matter of mere form but also of substance. It is an article of faith, a way of life, and an integral part of the company's core values. Your company is committed for adopting best global practices of Corporate Governance. The philosophy of Corporate Governance as manifested in the company's functioning is to achieve business excellence by enhancing long term shareholders value and interest of its entire shareholders. Efficient conduct of the business of the company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices already followed by the Company.

### 2. Board of Directors

#### Composition

The company is managed by the Board of Directors. The Board has given powers to the Chairman for managing the day to day affairs of the company. The composition and category of Board of Directors is given below:

Category	Name of Directors	Designation
Executive Non-Independent Director	Shri Vijay Mehta	Chairman
Non Executive Non-Independent Director	Shri T R Khare	Director
Non-Executive Independent Director	Shri Sham Nijhawan	Director
Non-Executive Independent Director	Shri Shailendra Haruray	Director
Non-Executive Independent Director	Shri Tarsem Garg	Director

Name of the Director	Board Meeting Attended	Attendance at Last AGM	Membership of the Board of other Companies	Chairmanship of the Board of Other Companies	Committee Membership of other Companies	Chairmanship of Committees of other Companies
Sh Vijay Mehta	6	Yes	5	1	2	1
Sh T. R. Khare	3	Yes	8	-	1	-
Sh Sham Nijhawan	3	-	1	-	-	-
Sh. Tarsem Garg	1	-	12	-	-	-
Sh. Shailendra Haruray	4	-	5	-	-	-

### 2.2 REMUNERATION OF DIRECTORS

The directors waived the sitting fees for the financial year 2012-13. Therefore no sitting fee was paid during the financial year:

The Company presently does not have any stock option scheme.

#### Profile of Directors being Re-appointed:

Sh. Sham Nijhawan and Sh. T.R.Khare Directors of the Company, retiring by rotation, are proposed to be re-appointed, at the ensuing Annual General Meeting.

Particulars of their other Directorships are given below:

Name of the Director	Details of other Directorships of Public Limited Companies	Committees memberships in other Companies
Sh. Sham Nijhawan	-	-
Sh. T.R.Khare	Mefcom Securities Ltd. Mefcom Commodity Brokers Ltd. Mefcom Infrastructure Projects Ltd. Pace Capital Investors Ltd.	Mefcom Securities Ltd. -

The Board has optimum combination of independent and non independent directors. Non executive independent directors of your company have no pecuniary relationship or any transaction with your company.

#### Board Meeting

The Meetings of the Board of Directors are scheduled well in advance and generally held at the company's office at Nehru Place, New Delhi. The notice confirming the meeting and the detailed agenda is sent well in advance to all the directors

#### MEETINGS AND ATTENDANCE OF DIRECTORS

During the financial year ended 31st March 2013, 6 meetings of the Board of Directors of the company were held on the following dates:

S. No.	Date of Meeting	Board Strength	No. Directors Present
1	07.04.2012	5	3
2	15.05.2012	5	5
3	23.06.2012	5	3
4	28.07.2012	5	3
5	26.10.2012	5	3
6	01.02.2013	5	3

#### Other Directorship & Membership

Membership and attendance of each director's at the Board Meetings held during the year and the last Annual General Meeting and the number of other directorship/membership of board committees as on 31st March 2013 is given below:

### 3.0 COMMITTEES OF DIRECTORS

To comply with the requirement of Clause 49 of the listing agreement with the Stock Exchange, the Board has constituted the required Committees.

The composition of these Committees is as under:

S. No.	Name of Member/ Chairman	Audit Committee	Remuneration Committee	Share Transfer & Shareholders/ Investors Grievance Committee
1	Sh. Shailendra Haruray	Yes	Yes	Yes
2	Sh. T.R.Khare	Yes	Yes	Yes
3	Sh. Sham Nijhawan	Yes	Yes	Yes
4	Sh. Tarsem Garg	Yes	Yes	Yes

Sh. Tarsem Garg, who is Chairman of Audit Committee, is a Member of the Institute of Chartered Accountants of India, Member of the Institute of Cost & Work Accountants of India, a law graduate and possesses over 31 years of diversified professional and corporate experience. Sh. T.R.Khare, Sh. Sham Nijhawan and Sh. Shailendra Haruray are the Members of Audit Committee.

Sh. Sham Nijhawan, who is Chairman of Share Transfer & Shareholders/ Investors Grievance Committee, is a Fellow Member of Institute of Chartered Accountants of India and possesses over 29 years of experience in financial matters. Sh. T.R.Khare, Sh. Tarsem Garg and Sh. Shailendra Haruray are the Members of Share Transfer & Shareholders/ Investors Grievance Committee.

Sh. Shailendra Haruray, who is Chairman of Remuneration Committee, is a post-graduate in commerce from Delhi University. He is also an accredited trainer on leadership skills from the Industrial Society of England and possesses over 23 years of experience in the field of Human Resources, Marketing and Strategic Planning areas. Sh. T.R.Khare, Sh. Sham Nijhawan and Sh. Tarsem Garg are the Members of Remuneration Committee.

#### 3.1 AUDIT COMMITTEE

The Board of Directors set up the Audit Committee, in accordance with the provisions of the Listing Agreement and the Companies Act 1956, consisting of 3 Non-Executive Independent Directors and one Non-Executive Non-Independent Director. Sh. Tarsem Garg is the chairman of the Audit Committee.

During the year ended 31st March 2013, the committee held 5 Meetings on the following dates:

1. 15th May 2012.
2. 23rd June 2012.
3. 28th July 2012.
4. 26th October 2012.
5. 1st February 2013.

The terms of reference of the Audit Committee are in conformity with the requirements of the Clause 49 of the listing agreement and also section 292A of the Companies Act, 1956. These broadly cover the following:

- I. To discuss and review the quarterly Audit Reports submitted by the Internal Audit Department.

- II. To review the progress in implementation of the suggestions made by the Internal Audit Department.
- III. To discuss and review the observations of the Internal Audit Department of the Company on the systems and controls, cost control, statutory compliance etc., in various areas.
- IV. To discuss the quarterly, half yearly and annual financial results of the Company and recommend the same to the Board for its approval.
- V. To interact with Statutory Auditor on the Annual Accounts and on other accounting matters.
- VI. To recommend re-appointment of Statutory Auditors, and other remuneration.

#### 3.2 SHARES TRANSFER AND SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board of Directors set up the Shares Transfer And Shareholders Grievance Committee, in accordance with the provisions of the Listing Agreement and the Companies Act 1956, consisting of 3 Non-Executive Independent Directors and one Non-Executive, Non-Independent Director. Mr. Sham Nijhawan is the Chairman of the Committee.

During the year ended 31st March 2013, the committee held 3 Meetings on the following dates:

1. 11th August 2012
2. 21st August 2012
3. 20th October 2012

The Committee is empowered to deal with various matters relating to the Allotment of Shares, Transfer of Shares, Transmission of Shares, Issue of duplicate Share Certificates, and Issuance of Share Certificates against re-materialization of shares and monitors expeditious redressal of investor's grievances etc.

#### 3.3 COMPENSATION AND REMUNERATION COMMITTEE

The Board of Directors set up the Compensation & Remuneration Committee, in accordance with the provisions of the Listing Agreement and the Companies Act 1956, consisting of 3 Non-Executive Independent Directors and one Non-Executive Non-Independent Director. Sh. Shailendra Haruray is the Chairman of the Committee.

1. The Committee is empowered to administer and decide the remuneration and other terms and conditions of the Directors of the company.
2. The Committee is empowered to decide on employees' Stock Option Schemes as and when such Scheme is considered for introduction in the Company.
3. The members of all the committees of the company waived their right of sitting fees w.e.f. 28.06.2010

#### 4. GENERAL BODY MEETINGS

Details of Annual General Meetings held in the last three years are given below:



AGM No.	Year	Date	Time	Venue
25th	2010	31st July 2010	11.30 A.M.	E-15, Ansal Villas, Village Satbari, New Delhi – 110030.
26th	2011	30th July 2011	11.00 A.M.	E-15, Ansal Villas, Village Satbari, New Delhi – 110030.
27th	2012	28th August 2012	11.00 A.M.	E-15, Ansal Villas, Village Satbari, New Delhi – 110030.

No Special Resolution was passed in the 24th and 25th Annual General Meetings.

A special resolution was passed in 26th Annual General Meeting, held on 30th July 2011 to alter the Articles of Association of the Company.

## 5. DISCLOSURES

### 5.1 Related Party Transactions

Details of transactions with related parties have been reported in Notes to Accounts as per Note No. '32-ii' in the Balance Sheet. Further, statement on transactions with related parties in the ordinary course of business shall be placed before the Audit committee periodically.

### 5.2 Code of Conduct

The Company has adopted a code of Conduct for the members of the Board of Directors and the senior management of the company. The Code of Conduct is displayed on the website of the Company. All the Directors and the senior management personnel have affirmed Compliance with the code for the financial year ended 31st March 2013. A declaration to this effect signed by the Chairman is annexed to this report.

### 5.3 Compliance with Mandatory Requirements of Clause 49 of Listing Agreement

The Company has complied with all the applicable mandatory requirements of Clause 49 of Listing Agreement.

### 5.4 Penalty and Strictures

No penalties or strictures have been imposed on the Company by Stock Exchanges, SEBI, or by any Statutory Authority on any matter relating to Capital markets during the last three years.

### 5.5 Company is properly adopting the whistle blower policy and no person has been denied access to the Audit Committee.

## 6. POSTAL BALLOT

No Special Resolution requiring postal ballot was placed before the last Annual General Meeting.

No Resolution is being proposed at the ensuing Annual General Meeting, which requires approval of Members through postal ballot.

## 7. MEANS OF COMMUNICATION

The quarterly, half-yearly and annual financial results of the Company are sent to the Stock Exchanges where the company's shares are listed, immediately after the approval of the Board.

These are also published generally in the newspapers as per the requirements of the stock exchange, as well as on the website of the company.

On insertion of clause 54 to the listing agreement, the company has maintained a functional website viz., [www.mefcom.in](http://www.mefcom.in), containing basic information about the company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, code of conduct, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances. The company has also ensured that the contents of the said website are updated at any point of time.

The half-yearly reports are not sent to household of shareholders. Copies of the financial results and Annual Reports of the Company are provided to various analysts, Government departments, investors and others, interested in getting the same upon receipt of request from them. During the year, the Company has no occasion to make any official news release and no formal presentation was made to the institutional investors / analysts.

## 8.0 GENERAL SHAREHOLDERS INFORMATION

### 8.1 ANNUAL GENERAL MEETING

Date : 6th July, 2013  
Time : 11.30 A.M.  
Venue : E-15, Ansal Villas, Satbari, New Delhi-110030

### 8.2 FINANCIAL CALENDAR 2013-14

- First Quarter Results	:	By the end of July, 2013
- Second Quarter / Half yearly Results	:	By the end of October, 2013
- Third Quarter Results	:	By the end of January, 2014
- Annual Results (un-audited) for the year ending March 31, 2013	:	By the end of May, 2014
- Annual General Meeting	:	By the end of September, 2014

### 8.3 BOOK CLOSURE

The Share Transfer Books and Register of Members shall remain closed from July 05, 2013 to July 06, 2013 (both days inclusive). Notice to this effect has been sent to all the Stock Exchanges, where the shares of the Company are listed as per the Listing Agreement.

### 8.4 DIVIDEND

The Company has not declared dividend for the year ended March 31, 2013.

### 8.5 LISTING OF SHARES

The name of the Stock Exchange, at which Company's shares are listed as on 31st March, 2013 and details of Stock Code is as mentioned below

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange	531176

Trading in the equity shares of the Company is compulsorily in demat form.

The ISIN number to hold the shares for Mefcom capital Markets Ltd in electronic mode is - **INE186C01015**

**8.6 LISTING FEES**

The Company has paid listing fees to Bombay Stock Exchange Limited up to the financial year 2012-13. There are no arrears of listing fees with the said Stock Exchange

**8.7 MARKET PRICE DATA**

Details of monthly high / low market price of the Company's shares at Bombay Stock Exchange Limited (BSE) are given below:

Month	High (₹)	Low (₹)
April 2012	10.74	9.00
May 2012	12.65	9.12
June 2012	12.35	9.30
July 2012	16.80	10.63
August 2012	17.70	11.35
September 2012	14.00	10.81
October 2012	24.80	13.95
November 2012	23.85	18.10
December 2012	19.85	14.30
January 2013	14.60	11.67
February 2013	17.16	11.26
March 2013	18.60	10.75

**8.8 DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2013**

Number of Equity Shareholding	Number of Share holders	% of Share holders	No. of Shares	% of Total Shares
1- 5000	2932	90.52	408166	4.4656
5001- 10000	131	4.04	107500	1.1761
10001-20000	76	2.35	116741	1.2772
20001-30000	29	0.90	73664	0.8059
30001-40000	11	0.34	38781	0.4243
40001-50000	7	0.22	33236	0.3636
50001- 100000	16	0.49	110388	1.2077
100001& above	37	1.14	8251692	90.2794
<b>Total</b>	<b>3239</b>	<b>100%</b>	<b>9140168</b>	<b>100%</b>

**8.9 CATEGORY OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2013**

S. No.	Category	No. of Shares Held	% of Share holding
A.	Promoter's holding		
1.	Promoters		
	- Indian Promoters	59,08,500	64.64
	- Foreign Promoters	Nil	Nil
2.	Person acting in concert	Nil	Nil
	<b>Sub – Total</b>	<b>59,08,500</b>	<b>64.64</b>
B.	Non-Promoters Holding		
3.	Institutional Investors		
	a. Mutual Funds and UTI	20200	0.22
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions)	Nil	Nil
	c. Foreign Institutional Investors	Nil	Nil
	<b>Sub – Total</b>	<b>20200</b>	<b>0.22</b>

4.	Others		
	a. Private Corporate Bodies	592148	6.48
	b. Indian Public	2503818	27.39
	c. NRIs / OCBs	76702	0.85
	d. HUF	18677	0.20
	e. Foreign Corporate	15000	0.16
	f. Any Other (Clearing Member)	5123	0.06
	<b>Sub Total</b>	<b>3211468</b>	<b>35.14</b>
	<b>Grand – Total</b>	<b>9140168</b>	<b>100%</b>

**8.10 DEMATERIALISATION OF SHARES**

The shares of the company are under Demat form. The ISIN Number of the Company is INE186C01015. Members who have not yet applied are requested to convert their shares in demat form, by applying to their depository participants in the prescribed Demat Requisition Form along with original Share certificates in physical form. About 95.85% of total shares are held in demat form as on 31st March 2013.

**8.11 REGISTRARS AND SHARE TRANSFER AGENTS AND SHARE TRANSFER SYSTEM**

The Company had appointed M/s. Beetal Financial & Computer Services Pvt Ltd., for share transfer and dematerialization of shares. To expedite the process of share transfers the Board has delegated the power of share transfer to Beetal financial Computer Services Pvt Ltd viz. Registrar and share transfer Agents who will attend to the share transfer formalities at least once in fortnight. Their contact details are as follows

M/s Beetal Financial & Computer Services Pvt. Ltd.  
99, Beetal House,  
Madangir  
New Delhi-110062  
Ph: +91 11 29961281-282-283  
Email: beetalrta@gmail.com

**8.12 SHAREHOLDERS COMPLAINTS**

The Company confirms that there are no share transfers received with valid documents and is lying pending on March 31, 2013, and all requests for dematerialization of shares as on that date were confirmed / rejected to NSDL/CDSL.

Complaints Received	1
Complaints Replied	1
Complaints Pending	Nil

**Compliance Officer:** Mr. R.N.Yadav, Manager- Legal & Secretarial.

**Company Secretary:** There was no Company Secretary in the Company as on 31st March 2013.

**8.13 ADDRESS FOR CORRESPONDENCE**

I Investors Correspondence may be addressed to the following

Mr. R N Yadav  
Manager- Legal & Secretarial  
Mefcom Capital Markets Ltd  
5<sup>th</sup> Floor, Sanchi Building  
77, Nehru Place  
New Delhi-110019  
Email : r.n.yadav@mefcom.in  
OR

To the Registrar and Share Transfer Agent i.e. M/s Beetal Financial & Computer Services Pvt. Ltd., at the address mentioned elsewhere in this report