

ANNUAL REPORT

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Mefcom Capital Markets Ltd.

(Incorporating Annual Accounts of Mefcom Securities Ltd.
& Mefcom Agro Industries Ltd. for 2001-2002)

C O N T E N T S

From the Chairman's Desk

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“Winning is not a one time thing.

It is an all time thing.

You don't win once in a while.

You don't do things right once in a while.

you do them right all the time.

There is no room for second place.

There is only one place and

that's first place.”

VINCE LOMBARDI



Dear shareholder,

It is going to be almost one year when the famous terrorists' strike on the World Trade Towers took place - and the world business scene has never been the same since then, including the financial markets. Dow Jones and Nasdaq melted to its lowest levels since then and there still is room for more correction, as per the analysts. This has also affected almost all the major indices around the globe.

Impact of these developments had to be felt in India as we are now integrated with the world markets. Share prices of almost all leading companies came down substantially during the last year and euphoria built around technology stocks also came to an end, though a new story started building-up around public sector disinvestments which brought a number of hitherto untraded stocks into limelight. Not only the leading PSUs showed excellent appreciation, they were followed by their poor brothers and mid-cap stocks appreciated a lot. These developments kept up the interest of the investors in the stock markets, though with heavily reduced volumes.

As has happened invariably in our country, the political priorities overtook the economic ones and the wavering government decisions delayed disinvestment process which in-turn halted surging volumes in PSUs and their infectious virus spread out to other counters.

All in all, it was a year of bad kick-starts, halting growth & intermittent resurgence of bad news. Every time some Feel-Good Factor would start happening, one or the other bad news would spoil the effect, taking us back to a recessionary feeling, despite courageous attempts by the Industry Captains to take their respective companies out of recession. Sometime it were war clouds which would surface frequently OR it would be another terrorist strike & the other time, it would be a kind of mini-scam on the financial front - be it linked with Ketan Parekh or with Home-Trade. The bad news also came from Government as well as government owned institutions, most notable being the fall out of Unit Trust of India which was almost a Symbol of Trust for millions of investors spread in every nook and corner of the country.

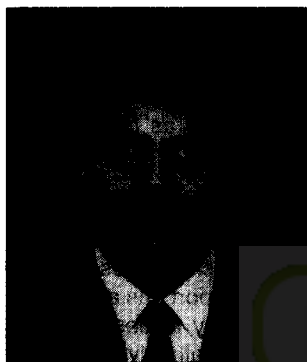
These developments overshadowed the frequent inflow of goods news which came in the form of increasing sales of consumer goods, bulging foreign exchange reserves and heavy drop in the interest rates. Even the quarterly results were quite good and most of the industry majors continued to perform well despite shrinking margins and rumors of a shrinking market.

In short, the year was the one without any decisive trend-line. Stock markets too could not stay away from the trend and kept on making Tops & Bottoms within short intervals. It was only the lucky short-term investor who was able to make money; most of the people developed a shy attitude; having burnt their fingers in these fast moving developments.

The only financial market which did make money was the Debt Market due to continuous fall in the interest rates and these developments were duly reflected in the balance sheets of different banks, and financial intermediaries whose total involvement was in the Debt market. There was hardly any public issues and the ones which came did not give good returns to the investors except those from the banking sector which further dried up the Primary Markets. The major emphasis of Merchant banking activities was in advisory fields like Mergers & Acquisition etc. but your company could not participate effectively in the same as the activity remained restricted mainly in western India.

The year gone-by affected the performance of your companies as you can notice from their results. In fact last few years have been bad for the financial services business and despite trying our best, we could not be an exception.

Your management, however, has not lost hope and feels that the coming months would be better. As per the market pundits, the markets have bottomed out and are due for a good rise but this hope could be illusionary again in view of the experience of the last few years. The only positive note I can think of passing on, is that we are ready to effectively participate as & when the conditions change for the better.



From the desk of
the Chairman



Your management has drawn out a detailed project report called "VISION-2006" which details our growth-plan of the next 5 years. Our core areas are going to be Broking & Merchant Banking only in view of which we have discontinued the financing activities. All group companies have now been brought under one umbrella. Your company **Mefcom Capital Markets Ltd.**, besides carrying out its own activities, shall now be the holding company for Mefcom Securities Ltd. as well as Mefcom Agro Industries Ltd. Accordingly their annual accounts have also been incorporated in this balance sheet.

We have also taken membership of "Online Commodity Exchange of India Ltd." (OCEIL) which would be the first recognized Commodity Exchange in the country on lines of Chicago Futures Exchange & London Metal Exchange. This will be an additional service for our customers within the same broad structure. Your management feels and hopes this exchange to do well, the beginning for which is being made on VIJAYADASHMI DAY on 15th October, 2002. A new company "**Mefcom Commodity Brokers Ltd.**" has been formed for the purpose. Combined with our status as Category-I Merchant Bankers duly approved by SEBI, we have completed the groundwork to emerge as 'An Integrated Capital Market Services Company' ~ probably the only one in North India ~ under one professional organizational structure with active offices in both political and financial Capitals of the country.

Mefcom Securities Ltd. (MSL) is now counted amongst the top 50 stock broking firms in terms of daily turnover and financial net worth, though it is not reflected adequately in the financial figures due to low rates of brokerage and lower volumes. It has now become a complete brokerage-house which is dealing in all areas of organized broking platforms available in the country which includes primary markets, equities & debt markets as well as derivatives (popularly known as Futures and Options) & Commodities.

Nothing much could be done on the manufacturing front in **Mefcom Agro Industries Ltd. (MAIL)**, as it has become uneconomical to run a small unit. Your management, therefore, has drawn out plans to enhance the capacity and engage professionals by bringing in more capital, resolutions for which have been proposed in the current annual meeting only. A project report has also been prepared. Once-bitten-twice-shy could be the most appropriate terminology to describe the present state of mind of your management. The plunge for this expansion shall only be undertaken once your management is fully satisfied about its success. Alternatively, the efforts shall be made to dispose-off the unit, keeping in-mind the best interests of the shareholders.

The next few pages will give you the history, background and other Mefcom group details by going through which, you will appreciate that we are a group with Dynamic History and Growth but has been passing through a bad phase for the last few years due to circumstances beyond our control and creation. We are fully committed and are hopeful of resuming our leadership status. The current year 2002-03 is the first year of VISION-2006. We are confident that the next 5 years shall meet your expectations slowly but gradually for which your complete team at Mefcom is making sincere efforts.

A daily newsletter ~ **STOCKS TODAY** ~ is being launched to keep our clients in-touch with the happenings & to give them benefit of our fundamental and technical research on the stock markets. Those of you who are interested can send us their e-mail address and we shall be pleased to send them the same.

I would like to end this communication not only by thanking you for having remained a part of Mefcom-family but also by seeking your blessings for a better future.

With kind regards,

(Vijay Mehta)



January 1981. Mehta Financial Consultants & Management Services (Pvt.) Ltd. (popularly known as MEFCOM) started business, as the First Private Sector Investment and Financial Consultancy organisation from North India .

January 1983. Emerged as Number 1 performer from North India (and amongst the top 5 on all India basis) for Management and Marketing of Public Issues. Also acquired Membership of the Delhi Stock Exchange.

January 1987. Started Secondary Market Activities and fast earned the reputation of a Reliable, Honest and Transparent Stock Broking firm duly approved and doing business for Institutions, Corporates and Individual Clients.

January 1991. Received approval as Category - II Merchant Bankers from Securities & Exchange Board of India (SEBI) and was among the few recognised Private Merchant Bankers outside Mumbai.

January 1993. Upgraded as Category - I Merchant Bankers by Securities & Exchange Board of India. Rated as No. 1 Private Sector Merchant Banker and Underwriter in North India for the year 1993-94.

January 1994. Admitted as member of 'The Stock Exchange, Bombay' under professional category. Started operations by setting-up a full fledged office in Mumbai immediately thereafter.

January 1995. Made its First Public Offer to expand and enter new areas of business like Leasing, Corporate Finance, Foreign Exchange Money Changers etc. Issue was oversubscribed at the earliest closing. Was also duly approved as a Non Banking Finance Company by Reserve Bank of India.

January 1996. Acquired membership of the Capital Market segment of The National Stock Exchange of India. - The First Fully Automated Exchange which changed the face of Stock Trading on Indian Bourses and facilitated entry of Foreign Institutions & Brokerage houses.

January 1998. Acknowledged as a '**Full Service Brokerage House**' of Repute having Corporate membership on major Stock Exchanges in India & duly approved by SEBI as Category - I Merchant Bankers under One Professional Organisational Structure with offices in both political and financial capitals of the country.

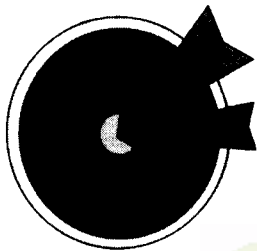
January 2001. Rapid Liberalisation of Financial Sector opened new vistas of growth and Mefcom aptly went on to consolidate itself by strengthening its existing network through vertical growth, by opening Franchise Centres in different parts of the country and by adding future areas of Derivatives Trading, Treasury Management, Depository Services & Portfolio Management in its range of services.

January 2002. With a view to emerge as '**An Integrated Capital-Market Services Company**', Mefcom draws out an ambitious plan - VISION 2006, detailing every aspect of its proposed working in the next 5 years with a new approach and thought process, reietrating its commitment towards its mission and begins its journey to implement the plan with a new vigour & enthusiasm.



GROUP HISTORY

*2 Decades of Mefcom :
From An Investment Broker
To 'An Integrated Capital Market Services Company'*



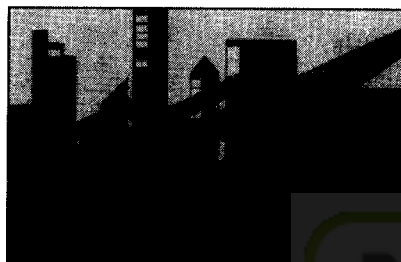
MISSION STATEMENT

We believe that the main goal of running a business enterprise is to make economic gains through providing services in its chosen area of activities so as to offer good return to all its Stakeholders, Associates etc.

&

To become the most preferred, significant and specialised Capital Market services provider to all categories of customers in our chosen area of activities.

*To be the most preferred destination
for
Complete Capital Market Services*



GROUP COMPANIES

Mefcom Capital Markets Ltd.

SEBI Approved Category – I Merchant Bankers & Portfolio Investors

Widely Held Public Limited Company with about 4000 Shareholders including reputed institutions like Unit Trust of India, PNB Mutual Fund, BOI Mutual Fund, Allahabad Bank, Catholic Syrian Bank and more than 250 NRI Investors from all over the world.

Listed at Delhi & Mumbai Stock Exchanges.

Group Holding Company owning majority shares in both Mefcom Securities & Mefcom Agro

Mefcom Securities Ltd.

Corporate Members :

Mumbai, Delhi & National Stock Exchanges. Dealer : OTCEI

Closely Held : Limited Company

Mefcom Commodity Brokers Ltd.

Member :

Online Commodity Exchange of India Ltd.

Closely Held : Limited Company

Mefcom Agro Industries Ltd.

Manufacturer & Exporters of Agro Based Food Products

Widely Held Public Limited Company with about 9000 Shareholders spread all-over India.

Listed at Delhi & Mumbai Stock Exchanges.

Counted among the most well capitalized Capital Market Intermediaries
Total Capital employed in all 4 companies is about Rs. 2724 Lacs (US\$ 6.00 million)
Each company is financially independent to carryout its operational activities.



With the research based knowledge and trading strengths of a stock broker, flair and contacts of a Merchant Banker, skill and market intelligence of a Financial Services company, Mefcom offers a package of Capital Market related services, fine tuned to meet the diverse needs of its clients.

Retail Marketing Division :

For Marketing of entire range of Investment Instruments and New Public Offers (IPOs) - both Equity & Debt among Individual Investors, Corporates & Institutions.

Mutual Fund Schemes

Equity Funds,	Balanced Funds,
GILT Funds,	Income Funds,
Liquid Funds,	Pension Funds,
Children Funds,	Sectoral Funds,
Diversified Funds,	Concentrated Funds,

Debt Instruments by Companies & PSUs,
UTI Schemes, Post Office Schemes,
RBI Bonds & Other Tax Saving Instruments

■ Auto Loans ■ Housing Loans ■ Personal Loans

Strategic Investment Planning for future family needs
corresponding to risk profile of the individuals & families,

■ Distribution of Insurance Products *



PRODUCTS & SERVICES

Merchant Banking Division :

Covering a wide Spectrum of Financial Services like;

- (a) **Project Advisory Services** for Financial Structuring, Identifying Strategic Partners / Investors and Assistance in Evaluation & Negotiation. Structuring Credit Enhancement Mechanism.
- (b) **Loan syndication** in both Rupees & Foreign Currency from Financial Institutions, Banks & other Agencies.
- (c) **Management of Public offers** of Equity Shares / Debt including Underwriting and Placement.
- (d) **Merger & Acquisition** advice & assistance including open offer management under SEBI takeover code.
- (e) **Corporate Advisory Services** to Foreign Corporates, Overseas Bodies & NRIs to Invest / establish business in India , including advice on all entry level formalities, statutory assistance, providing due diligence on Indian Partner companies and assistance in Financial Structuring / Raising Funds. Also Valuation of Assets, Brands, Goodwill & Technical Know-how.

One Stop Investment Banking Services

* To be started



Informed decision making capabilities, highly professionalised services & competitive pricing comprise the main guiding parameters of trading in different segments of Equity, Debt & Derivatives in all major Stock Exchanges of the country - BSE, DSE & NSE.

Broking Division :

Counted among the top few brokers in terms of daily turnover & Networks with a state-of-the-art DEALING ROOM, our expert dealers specialise both in trading and giving on-the-spot information & assistance for sale / purchase of securities duly backed by research-inputs and an efficient online back-office. The Range of Services include :

- On-line Brokerage & Jobbing services for trading in Equity & Derivatives.
- Trading in Debt Instruments & Treasury Management. *
- Institutional Placements / Negotiated block deals / Private Equity.
- Depository Services.
- Market Making.
- Margin Financing / Spot-Purchase Funding / Loan against Shares.
- Research Based Reliable Market Information & Tips.
- Online dealing in Commodities



PRODUCTS & SERVICES

Portfolio Management Division : *

The Portfolio Management Division offers customised financial solutions for the big ticket investors like High Networth Individuals, Corporates, Trusts, NRIs etc., bringing high value addition to their portfolio through expertise of our Portfolio Managers, Inhouse Research & Market Information. All operations are transparent & are carried as per SEBI guidelines. The following services are ensured :

- Professional Advice
- Customized Portfolio to suit individual risk-return
- Optimum Return and Safety of capital
- Complete confidentiality, transparency & flexibility
- Daily Reporting
- Periodic Performance Review Meetings

There are various schemes available for Fixed Returns and / or Capital Appreciation. Clients are accepted only through Personal Meeting & evaluation of their portfolio, Investment Objectives and Risk Profile. Client-Funds are administered both on Discretionary as well as Non-discretionary basis.

A Full Service Brokerage House for Indian Securities

* To be started