



Charging ahead with confidence.

Annual Report 2004-05

Mefcom Capital Markets Ltd.





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“A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider to our business. He is a part of it. We are not doing him any favour by serving him. He is doing us a favour by giving us an opportunity to do so.””

Mefcom History

- 1983** Acquired membership of The Delhi Stock Exchange
- 1984** Started rendering services for distribution of financial products - mainly IPOs and company fixed-deposits.
- 1985** Started services as the FIRST private sector merchant banking organisation in North India.
- 1991** Approved as category –II merchant bankers by SEBI.
- 1993** Upgraded as category –I merchant bankers by SEBI.
- 1994** Admitted members of The Bombay Stock Exchange.
- 1995** Mefcom makes its maiden public offer. Also approved as a NBFC by Reserve Bank of India.
- 1996** Acquired membership of the capital market segment of The National Stock Exchange of India Ltd.
- 2001** Acquired membership of the derivatives segment of The National Stock Exchange of India Ltd.
- 2002** Admitted as members of the First indian commodities exchange-National Multi Commodity Exchange.
- 2004** Acquired membership of the specialised commodities exchange- Multi Commodity Exchange of India.
- 2005** Ventured into international market arena through membership of Dubai Gold & Commodity Exchange
- 2006** Proposing to venture into Depository services, Internet trading, Investment Banking and Portfolio management services so as to make Mefcom into an integrated group of companies extending Capital Market Services under one organisational structure.

Memberships

Bombay Stock Exchange Ltd.	: Equity Segment
Bombay Stock Exchange Ltd.	: Debt Segment
Bombay Stock Exchange Ltd.	: Derivatives (F&O)
National Stock Exchange Ltd.	: Equity Segment
National Stock Exchange Ltd.	: Derivatives (F&O)
Delhi Stock Exchange Ltd.	: Equity Segment
Reserve Bank of India	: Non-Banking Finance Company
Multi Commodity Exchange Ltd.	: Commodity Segment
National Multi Commodity Exchange Ltd.	: Commodity Segment
Dubai Gold & Commodity Exchange	: Precious Metals & Oil (F&O)
Central Depository Services Ltd.*	: Depository Participant
Portfolio Management*	: Wealth Management & Portfolio Services
Investment Banking*	: IPOs, M&A, Pvt. Equity & Inst. Placements

Technology Associates

VPN V-SAT Network Provider	: HCL Comnet Ltd.
MPLS~VPN Network Provider	: Bharat Sanchar Nigam Ltd.
ODIN Software Provider	: Financial Technologies (India) Ltd.
Back office software Provider	: Shilpi Computers Ltd.
Website Design & Development	: Indiafin Technologies Ltd.
Clearing Bankers	: HDFC Bank
Depository Participant	: IL&FS Ltd.
Share Registrars & Transfer Agents	: Intime Spectrum Registry Ltd.

Products & Services

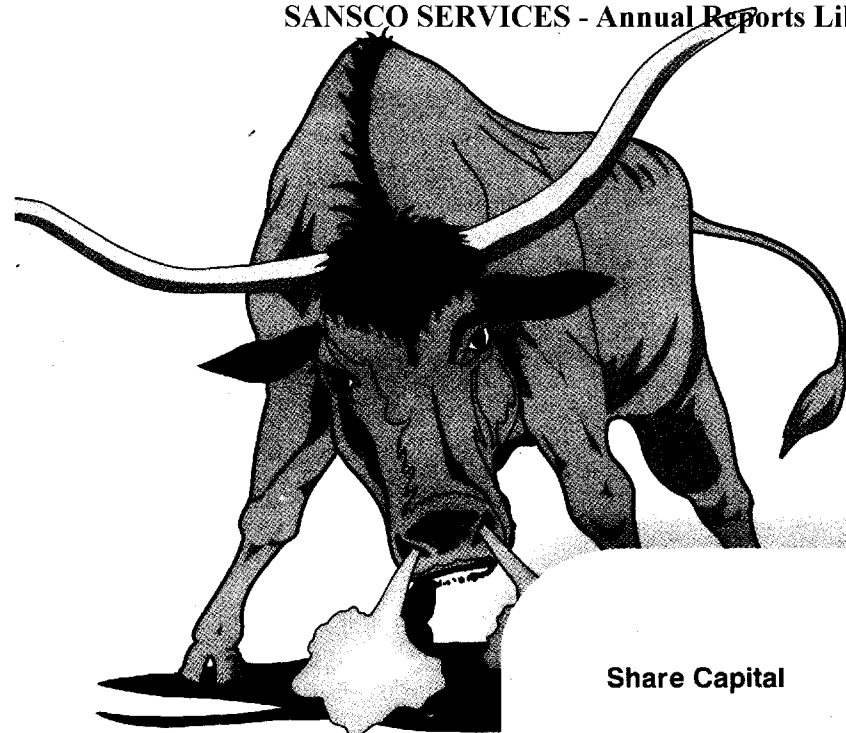
Equity & Derivatives brokerage & trading • Commodities Futures brokerage & trading
 Distribution of Financial Products • Depository Services & Internet trading*
 Investment Banking* • Wealth Management & Portfolio Services*

The Network

New Delhi • Allahabad • Amritsar • Chandigarh
 Lucknow • Mumbai • Srinagar • South Delhi

* proposed





Meifcom Financials

Share Capital	:	Rs. 647.25 lacs
Free Reserves	:	Rs. 1119.36 lacs
Borrowings	:	Rs. 9.65 lacs
Annual Turnover	:	Rs. 5,40,530 lacs
Gross Income	:	Rs. 316.03 lacs
Fixed Assets	:	Rs. 218.77 lacs
Networth at cost price	:	Rs. 704.80 lacs
Book Value	:	Rs. 13.48
No. of Employees	:	50
No. of Shareholders	:	4000

MCM shares are duly listed at Bombay Stock Exchange Ltd.

Shareholders include institutions like Allahabad Bank, Catholic Syrian Bank, Mutual Funds of Punjab National Bank, Bank of India and about 200 NRIs from all-over the world.

Dear Shareholders

Year 2004-05 was another year of growth in the Indian stock markets which was mainly due to the inflow of foreign funds duly aided by participation of Indian investors. Till Aug. 2005, foreigners have pumped US\$ 7.45 billion into Indian equities - up 61% as compared to previous financial year. The BSE Sensex touched a record high of 7921 on 18th August, 2005 whereas NSE Nifty touched a high of 2427, a growth of 51% & 47% respectively over last year.

Indian economy has, on an average, grown 6% a year during the past decade and RBI expects it to grow over 7% during 2005-06. The present Indian Government continues to follow policies of economic liberalization. The open hand welcome of foreign direct investment (FDI) as well as portfolio investment into our country has enhanced the growth process. Accordingly, our country's economic growth outlook for the next two to three years appears to be attractive and the Indian equity markets offer enough depth and breadth for investors to capitalize on this growth in the coming years. However, the unabated rise in crude oil prices, terrorism activities across the globe and increase in interest rates are the negative factors which may slow down the world economy.

Operations & Future Outlook

As you are aware, activities of your companies are directly related with the growth of capital markets.

In-view of the continued buoyancy on the bourses, **Mefcom Capital Markets Ltd. (MCM)** has been showing improved results for the last two years. For the year under review, MCM has earned a gross income of Rs. 144.49 lacs as compared to Rs. 123 lacs in the earlier year ended 31st March, 2004. Despite increase in gross income, the net profit figure is lower which is mainly due to change in the accounting policy for valuation of stock in trade/investments.

For the first quarter ended 30th June, 2005 MCM has earned a total income of Rs. 55.13 lacs as compared to the total income of Rs. 55 lacs in the comparable quarter ended 30 June, 2004. Similarly, the profit before tax for the current quarter is Rs. 34.88 lacs as against a loss of Rs. 24.26 lacs for the comparable quarter of previous year. On annualized basis, the total income has grown by 157% and EPS has grown by about 8% for the ongoing year 2005-06 as compared to the year 2004-05. Your management is confident of presenting better results for 2005-06 as compared to the year under review.

The above mentioned results only relate to the holding company i.e. Mefcom Capital Markets Ltd. The subsidiary company **Mefcom Securities Ltd.** has also shown better results and the income has gone up from Rs. 159.25 lacs for 2003-04 to Rs. 171.50 lacs in 2004-05. The second subsidiary **Mefcom Commodity Brokers Ltd.** had just got started by the end of the year under review and has shown profit in the first quarter ended 30th June, 2005.

Mefcom Global Enterprise Ltd.

In view of expected internalization of the Indian markets, Mefcom Capital Markets Ltd. has incorporated a 100% subsidiary in Dubai (UAE) in the name and style of **Mefcom Global Enterprise Limited**. As a first step, this company has taken membership of Dubai Gold & Commodities Exchange (DGCX) and would start business in Commodities Arbitrage & Futures trading in precious metals & oil segments between Indian and International markets. Subsequently, your company may venture into more areas depending upon the opportunities available.



Your management foresees a lot of growth in the business of commodities in the coming years. With the membership of two Indian Stock exchanges and one overseas exchange, we are hopeful of expanding our business in commodity brokerage, arbitrage and futures the results of which should be seen in the coming years.

Client Services

In our ongoing efforts to improve working, a new software package "SHILPI" has been installed in our back office. All client accounts are now mounted on SHILPI website every evening so that they can view their daily account position through internet by accessing website and using the code number given to them.

Your company has also started sending its research based daily newsletter 'STOCKS TODAY' by e-mail giving complete information on the market alongwith stock recommendations. Under the professional expertise of the research cell of your company, a Personal Investment Recommendation Cell (PIRC) has been formed wherein share-recommendations through SMS at an additional commission over & above the normal rate of commission or on a fixed monthly charge will also be provided. Clients can also deal in commodities (Gold, Silver, Oil, Pulses etc.) through Mefcom Commodity Brokers Ltd.

A number of other measures to further improve services and expansion of network are underway and should be completed by 2006. I shall keep you informed of the developments from time to time through separate communications.

Future Plans

Your company has drawn an ambitious plan so as to become an integrated financial services company in the field of capital markets. To achieve this objective, we have to synchronise all related areas in the optimum manner. Your management is working on the same and is hopeful of securing a larger market share in the coming year.

The worst for your company seems to be over. I thank you for your patience and cooperation during bad times and continue to look forward to your good wishes and support.

With kind regards,

(Vijay Mehta)
Chairman

P.S. For faster & frequent communication and to avail reports from our Research Division, I would suggest you to please send us your e-mail address quoting your folio number. You may write to us if you wish to start dealings in stocks, derivatives & commodities at concessional brokerage rates finalised especially for our shareholders. Those of you who wish to become our franchisees may also contact us for further details.

Mefcom Capital Markets Limited

AUDITED FINANCIAL RESULTS 2004-2005

BOARD OF DIRECTORS : Vijay Mehta (Chairman)
Sham Nijhawan
Balraj Malhotra
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 : B-350, New Friends Colony
New Delhi-110 065



A Non Banking Finance Company

(Registered with Reserve Bank of India at No. 14.00417)

"Mefcom Capital Markets Ltd. is a widely held BSE listed Company with more than 4000 shareholders including institutions like Allahabad Bank, Catholic Syrian Bank, Mutual Funds of Punjab National Bank, Bank of India & about 200 NRIs from all-over the world"

Mefcom Capital Markets Limited

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at 11.00 A.M. at E-15 Ansal Villas, Village Satbari, New Delhi 110030, on Friday, the 30th September, 2005 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 2005 along with the Directors' and Auditors' reports thereon.
2. To appoint a Director in place of Ms. Priyanka Mehta, who retires by rotation at the conclusion of this Annual General Meeting and being eligible for re-appointment.
3. To appoint a Director in place of Mr. Vijay Mehta, who retires by rotation at the conclusion of this Annual General Meeting and being eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT Mr. Sham Nijhawan, who was appointed as an additional Director of the Company by the Board of Directors w.e.f. 31st January 2005 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 if thought fit to pass with or without modification(s) the following resolution as **Ordinary Resolution:-**

RESOLVED THAT the donation Rs. 251000/- (Rupees two lacs fifty one thousand) only, already paid by the Company during the financial year ended on 31st March 2005 to various educational societies be and is hereby approved.

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

RESOLVED THAT the Company be and is hereby authorised to donate, not more than Rs. 500000/- (Rupees five lacs) only per annum to any Society, trust or to any other institution or individual or to any other body of any kind except any political party and the donation already made by the Company be and are hereby ratified.

Regd. Office:

B-350 New Friends Colony
New Delhi - 110 065

Place: New Delhi

Dated: Sept. 2, 2005

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

(Vijay Mehta)
Chairman

NOTES: -

- a) Member entitled to attend and vote is entitled to appoint a 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. Thursday the 29th September, 2005 to Friday 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 110 028, is Registrar and share transfer agent of the Company for electronic mode and transfer of shares physically. Pursuant to the directions of Securities Exchange Board of India (SEBI), trading of the shares of the Company is in compulsory dematerialized form for all investors. The ISIN No. of the Company is **INE186C01015**.

