

Mefcom Capital Markets Limited



NOTICE

NOTICE IS HEREBY GIVEN THAT THE **26TH ANNUAL GENERAL MEETING** OF THE MEMBERS OF **MEFCOM CAPITAL MARKETS LIMITED** WILL BE HELD ON SATURDAY, THE 30TH DAY OF JULY, 2011, AT 11.00 A.M. AT **IKMA ESTATE, E-15, ANSAL VILLAS, VILLAGE 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, 2011 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. R.K.Pandey, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors 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

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

RESOLVED THAT Mr. Shailendra Haruray, who was appointed as an Additional Director of the company by the Board of Directors w.e.f. 28th April, 2011 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 provision 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.

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

“Resolved further that Articles of Association of the Company be altered by insertion of the new Clauses in the manner following:-

Clause 6A and clause 6B shall be inserted after clause 6 as under:-

Further issue of Shares

- 6A 1. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:
- a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
 - b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them

in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;

- d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
2. Notwithstanding anything contained in sub clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
 - a) If a special resolution to that effect is passed by the company in general meeting, or
 - b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
 3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - a) To extend the time within which the offer should be accepted; or
 - b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
 4. Nothing in this article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:
 - i. To convert such debentures or loans into shares in the company; or
 - ii. To subscribe for shares in the company

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with rules, if any, made by the Government in this behalf; and
- b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

Shares at Disposal of the Directors

6B Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Clause 12A shall be inserted after clause 12 as under:-

Term of Issue of Debenture

12A Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.

Clause 13A and 13B shall be inserted after sub clause (b) of clause 13 as under:-

Limitation of time for issue of Certificates

13A Every member shall be entitled, without payment to one or more certificates in marketable lots, for all shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of the issue thereof otherwise provide, or within two months of the receipt of the application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount is paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

Issue of new certificate in place of one defaced, lost or destroyed

13B If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement

of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the Company.

Clause 20A shall be inserted after clause 20 as under:-

Payment in anticipation of Call may carry interest

20A The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

Clause 21A shall be inserted after clause 21 as under:-

Company Lien on Shares / Debentures

21A The company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid- up shares/ debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/ debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extended to all dividends and bonuses from time to time declared in respect of such shares /debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures

wholly or in part to be exempt from the provisions of this clause.

Clause 36A and 36B shall be inserted after clause 36 as under:-

Instrument of Transfer

36A The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

No fee on Transfer or Transmission

36B No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Clause 46A shall be inserted after clause 46 as under:-

Directors may refuse to register transfer

46A Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal of the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Clause 146A shall be inserted after sub clause 141(b) of clause 141 as under:-

Unpaid or Unclaimed Dividend

141B Where the Company has declared a dividend but has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to special account to be opened by the company in that behalf in any scheduled bank, to be called "Mefcom Capital Markets Limited Unpaid Dividend Account"

The company shall transfer any money to the unpaid dividend account of a company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

The Board shall forfeit no unclaimed or unpaid dividend.

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

Place : New Delhi
Dated : June 30, 2011

(Vijay Mehta)
Chairman

NOTES: -

- MEMBERS ENTITLED TO ATTEND AND VOTE ARE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
- Register of Members and the Share Transfer books of the Company shall remain closed w.e.f. Friday the 29th July, 2011 to Saturday the 30th July, 2011 (both days inclusive).
- M/s Beetal Financial & Computer Services Pvt. Ltd., 99, Beetal House, Madangir, New Delhi - 110062, is Registrar and Shares 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 compulsory in de-materialized form for all investors. The ISIN No. of the Company is INE186C01015.
- Members 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 address for mailing purposes.
- 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 Beetal Financial & Computer Services Pvt. Ltd., New Delhi.
- 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.
- Members are requested to intimate their email address in order to reduce the consumption of paper for copies of Balance Sheet and Auditors Report, to the members of the company. As required under section 219 of the Companies Act, 1956, Balance Sheet and Auditors report have now been allowed to be served through electronic mode as per the new initiatives of Ministry of corporate affairs for corporate governance.
- 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.

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

Item No.4

Mr. Shailendra Haruray, was appointed as an Additional Director of the company by the Board of Directors w.e.f. 28th April, 2011 under Section 260 of the Companies Act, 1956 and who holds office up to the conclusion of this Annual General Meeting, the company has received a notice from a member, proposing his candidature for the office of a Director under the provision of Section 257 of the Companies Act, 1956.

Except Mr. Shailendra Haruray, none of the Directors is concerned or interested in the resolution.

Item No.5

The Articles of Association altered to comply with the listing requirement of Bombay Stock Exchange Limited.

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

Place : New Delhi
Dated : June 30, 2011

(Vijay Mehta)
Chairman

Mefcom Capital Markets Limited

DIRECTORS' REPORT



Dear Shareholders,

Your Directors have pleasure in presenting the 26th Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2011.

FINANCIAL RESULTS

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 2011 (Rs. IN LACS)	FOR THE YEAR ENDED 31ST MARCH, 2010 (Rs. IN LACS)
Gross Income	152.36	38.54
Profit / (Loss) before Interest, Depreciation and Tax	(47.97)	128.06
Depreciation	7.13	6.92
Interest	31.87	—
Provision for Income Tax (incl. fringe benefit tax)	—	—
Prior period expenses	4.11	0.04
Profit / (Loss) after Tax	(91.08)	121.10

OPERATIONS AND FUTURE OUTLOOK

Despite four-fold increase in the gross income, the company has shown a net loss as mentioned hereinabove. It has been mainly due to provision for diminishing in the value of share investments held by the company, interest on amount borrowed for subscribing to the warrants of Banswara Syntex and also due to increase in expenses.

The future outlook of your company seems bright as of now. There is a substantial appreciation in the share price of Banswara Syntex. Restriction on the sale of these shares, which were received after conversion of warrants, is also over by the end of April, 2011. Your company is also signed as lead manager to the Public issue of Sanco Industries Ltd., list of which is expected to open during the current year. The share investments presently held by the company are expected to yield better returns this year. Your directors are working on many other propositions, effect of which should materialise shortly.

KEY INITIATIVES

Strategic Partnership with Beaufort International Associates Limited

Your directors are pleased to inform that your company has entered into a strategic partnership with a leading London based Merchant Bank, M/s Beaufort International Associates Ltd., who are also members of London Stock Exchange. The MOU with Beaufort was signed in June, 2011. With this strategic alliance, your company will now be able to extend cross-border financial services to the clients which, over a time period should substantially add to the revenues of the company.

DIVIDEND

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

DIRECTORS

In Accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Shri R. K. Pandey retires by rotation at

the ensuing Annual General Meeting, but being eligible offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Shailendra Haruray was appointed additional Director of the Company w.e.f. 28.04.2011 and shall hold office up to the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received by the Company, signifying his intention to propose the appointment of Mr. Shailendra Haruray, as Director of the Company.

Ms. Priyanka Mehta resigned as a Director of the Company with effect from 7th February, 2011. The Directors wish to place on record their appreciation for the contribution made by Ms Priyanka Mehta during her tenure.

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, 2011 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 on a "Going Concern" basis.

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.

CONVERTIBLE WARRANTS

During the year under consideration, the company had allotted 18 Lacs fully convertible warrants @ Rs 12.50/- each and application money had been received to the extent of 25%.

SUBSIDIARY COMPANIES

A statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies is attached to the accounts. The Central Government has issued a General Circular No.2/2011 dated 8th February, 2011 directing that the provision of Section 212 shall not apply in relation to subsidiaries of those companies which comply with certain disclosure requirements.

In terms of the general exemption granted by the central Government under section 212(8) of the Companies Act, 1956 and as per resolution passed by the board of directors at their meeting held on 28th April, 2011, the audited statements of accounts and the auditors report thereon for the year ended March 31, 2011 along with the report of board of directors of the company's subsidiaries have not been annexed.



The annual accounts of the subsidiaries and the related detailed information shall be made available to shareholders of the company and its subsidiaries seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept open for inspection by any shareholder at the registered office at 5th Floor, Sanchi Building, 77, Nehru Place, New Delhi-110019.

AUDITORS

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

PARTICULARS OF EMPLOYEES

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.

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 programmes 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 softwares and this effort will reduce the unnecessary usage of paper and manpower.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES BY THE COMPANY

Purely making profit cannot be the only goal of the company. Any company exists within the framework of a society and it has to give back to the society. At Mefcom, the need to give back to the society is recognized and to have a much focused approach for giving back to the society. The company has passed an ordinary resolution pursuant to section 293 (1) (e) of the Companies Act, 1956 in the Annual General Meeting held on 29th September, 2007, wherein 5% of the net profits of the company would be contributed to enrich lives and fulfill our

responsibilities towards the needy and underprivileged sections of the society. This amount shall be contributed to "Vijay Mehta Foundation" the charitable society of Mefcom Group, which shall be undertaking the following activities;

- Medical facilities for poor people
- Primary education Upto high school.
- Scholarships to students from poor families.
- Contribution to NGOs serving of handicapped children, women old age homes etc.
- Any other charitable activity suggested by the Board of Directors of the contributing companies.

FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, company has not earned anything in foreign exchange. However, during the year the company has incurred Rs. 1.16 lacs in foreign exchange.

INSURANCE

The property and assets of the company have been adequately insured wherever needed.

LISTING WITH STOCK EXCHANGES

As per the requirement of Clause 49 of the Listing Agreement with Stock Exchanges, the company hereby declares that the listing for its shares continued throughout the year with "Bombay Stock Exchange Limited" Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard AS-21, the consolidated financial statements are furnished herewith and form part of this Report and Accounts. These statements have been prepared on the basis of audited financial statements received from the Subsidiary Companies as approved by their Board of Directors.

CORPORATE GOVERNANCE

The Report on Corporate Governance along with a certificate of Compliance from a practicing Company Secretary and Management Discussion and Analysis Report forms part of this Report.

ACKNOWLEDGEMENT

Your directors place on record their appreciation and thanks for the assistance and support extended by various Government Departments, Regulators, Stock Exchanges, other statutory bodies and Bankers to the company. The Directors also place on record their sincere appreciation for the company's employees who are instrumental for smooth working of the company. Your Directors look forward to their continuing support and unstinting efforts in ensuring the excellent all round operational performance

By order of the Board
For Mefcom Capital Markets Ltd.

Place : New Delhi
Dated : June 30, 2011

(Vijay Mehta) (T. R. Khare)
Chairman Director

Mefcom Capital Markets Limited



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

Name of the Subsidiary Company		Mefcom Securities Ltd.	Mefcom Infrastructure Projects Limited
1.	Financial Year of the Subsidiary Companies ended on	31st March, 2011	31st March, 2011
2.	(a) Issued subscribed and paid-up capital of Subsidiary Companies.	50, 00,000 Equity Shares of Rs.10/- each.	50,000 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%)	49,940 Equity Shares of Rs. 10/- each. (100%)
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, 2011.	(22,37,638)	(5,07,334)
	(b) For the previous Financial Years of the Subsidiary since it became Subsidiary of Mefcom Capital Markets Ltd.	77,44,727	(2,59,864)
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, 2011.	Nil	Nil
	(b) For the previous Financial Years of the Subsidiary since it became Subsidiary of Mefcom capital Markets Ltd.	Nil	Nil

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

Place : New Delhi
Dated : June 30, 2011

(Vijay Mehta)
Chairman

(T. R. Khare)
Director

Mefcom Capital Markets Limited



Forming part of Directors Report

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The Indian economy roared back in 2010, with the Gross Domestic Product, growing at 8.6 per cent in the first quarter (January-March) and then going up a notch closer to nine per cent in the next two quarters of April-June and July-September. The overall outlook remained bright, with industrial growth set to be in double digits and good monsoon brightening the prospects of agricultural production. The biggest concern arose from inflation, which the government failed to tame for almost all of 2010.

There was consolidation that was witnessed in the financial markets in 2010-11. The BSE Sensex has given 11% return in FY11. The capital markets continued to remain vibrant and thereby there were 49 IPOs that flooded the markets in 2010-11 (April 2010- February 2011) and thereby raising Rs 34,846 crores. The market capitalization of NSE stood at Rs 61, 95,967 crores as on Feb 28 2011. The number of Foreign Institutional investors registered with SEBI stood at 1,703 till Feb 2011 and their investments in equity stood at \$30,691 mn till Feb 2011.

The movements of the stock markets impact your company. India's inflation rates remain at an all time high despite various economic and other measures being taken by the Government and RBI from time to time to curb the same. Crude oil prices are a constant threat with the potential for negative consequences for India's macro outlook.

Opportunities and Threats

Your Company also being an investment Company seeks opportunities in the capital market. The volatility in the stock indices in the financial year under report represents both an opportunity and challenge for the company.

The business of subsidiary company i.e. Mefcom Securities Ltd is affected by the sentiments prevailing in the stock markets.

The likely increase in capital mobilization from the primary market, increase in resource mobilization by mutual funds, phenomenal growth in secondary market volumes, introduction of new products like mini derivative contracts & Securities Lending & Borrowing Scheme, introduction of new instruments in the F & O segment, trading in Mutual Funds through exchanges etc provide significant business opportunities for the Company.

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. The recent increase in inflation rate in India is a cause of concern as it can affect corporate profitability. The percentage of retail savings that is channelled into equities and equity related products in the country are still much lower than in developed countries. Fast economic growth generating higher savings and better corporate performance is likely to provide growth opportunities for the business.

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 Schedule M annexed to and forming part of Balance Sheet as at and Profit & Loss Account for the year ended on 31st March, 2011.

Operations and Future Outlook

Despite four-fold increase in the gross income, the company has shown a net loss. It has been mainly due to provision for diminishing in the value of share investments held by the company, interest on amount borrowed for subscribing to the warrants of Banswara Syntex and also due to increase in expenses.

The future outlook of your company seems bright as of now. There is a substantial appreciation in the share price of Banswara Syntex. Restriction on the sale of these shares, which were received after conversion of warrants, is also over by the end of April, 2011. Your company is also signed as lead manager to the Public Issue of Sanco Industries Ltd., list of which is expected to open during the current year. The share investments presently held by the company are expected to yield better returns this year. Your directors are working on many other propositions, effect of which should materialise shortly.

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, 2011 stands at Rs 81,401,680/- divided into 81,40,168 equity shares of Rs 10/- each fully paid up.

Reserves and Surplus

During the year under consideration, the reserves and surplus stands at Rs 1,224.15 Lacs.

Convertible Warrants

During the year under consideration, the company had allotted 18 Lacs fully convertible warrants @ Rs 12.50/- each and application money has been received to the extent of 25%. At the time of writing, one application for 1 Lac warrants has since been withdrawn. In view of the same, only 17 Lacs warrants shall be convertible into equity shares as and when allotted.

Investments

The total investment increased to Rs 1020.04 Lacs as at March 31, 2011 against Rs 749.54 Lacs at the end of the previous year.

Loan

Secured Loan stands at Rs 71.73 Lacs as at March 31, 2011.

Total Income

During the year under consideration, total income was Rs 152.36 Lacs as against Rs 38.54 Lacs in the previous year.

Other Income

During the year under consideration, other income was Rs 4.05 Lacs as against Rs 1.24 Lacs in the previous year.

Interest and Finance Charges

During the year under consideration, total interest and finance charges were Rs 31.87 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.

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 practice 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 as on 31st March, 2011 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 P. K. Rajgarhia	Director
Non-Executive Independent Director	Shri R. K. Pandey	Director

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, 2011, 10 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	30.04.2010	6	5
2	28.05.2010	6	4
3	28.06.2010	6	3
4	07.07.2010	6	3
5	12.07.2010	6	3
6	31.07.2010	6	3
7	30.10.2010	6	3
8	01.12.2010	6	3
9	29.01.2011	6	3
10	07.02.2011	6	3

Other Directorship & Membership

Membership and attendance of each director at the Board of Directors' 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, 2011 is given below:

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	10	Yes	5	1	4	1
Sh T. R. Khare	10	Yes	7	—	1	—
Sh Sham Nijhawan	1	—	1	—	—	—
Sh. P. K. Rajgarhia	10	—	7	—	—	—
Sh. R. K. Pandey	2	—	15	—	1	1

During the financial year an Extra Ordinary General Meeting was held on 28.06.2010 which was attended by Mr. Vijay Mehta and T.R.Khare, directors of the Company.

2.2 REMUNERATION OF DIRECTORS

The sitting fees to the Directors were paid as under during the financial year:

1. Sh T.R.Khare	Rs.3000/-
2. Sh Sham Nijhawan	Rs.1000/-
3. Sh. P.K.Rajgarhia	Rs.3000/-
4. Sh. R.K.Pandey	Rs.3000/-

The Directors of the company waived their right of sitting fees for both board and committee meetings w.e.f. 28.06.2010.

The Company presently does not have any stock option scheme.

Profile of Director being Re-appointed:

Sh. R K Pandey, Director of the Company, retiring by rotation, is proposed to be re-appointed, at the ensuing Annual General Meeting.

Particulars of his other Directorship are given below:

Name of the Director	Details of other Directorships of Public Limited Companies	Committees memberships in other Companies
Sh. R.K.Pandey	PTC Industries Ltd. Welcure Drugs And Pharmaceuticals Ltd. British Drugs And Healthcare Ltd. Amar Ujala Publications Ltd. Ricoh India Ltd. Morgan Ventures Ltd. Kamdhenu Ispat Ltd. Hanung Toys & Textiles Ltd. Jindal Polyfilms Ltd. Precise Laboratories Pvt. Ltd. Sh. Rajasthan Syntex Ltd. Sanghi Industries Ltd. Ventura Strategic Management Solutions Pvt. Ltd. Kanpur Fertilizers & Cement Ltd. Jaypee Uttar Bharat Vikas Pvt. Ltd.	—

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. Sham Nijhawan	Yes	Yes	Yes
2	Sh. T.R.Khare	Yes	Yes	Yes
3	Sh. R.K. Pandey	Yes	Yes	Yes
4	Sh. P.K. Rajgarhia	Yes	Yes	Yes

Sh. Sham Nijhawan, who is Chairman of Audit Committee, is a Fellow Member of Institute of Chartered Accountants of India and possesses over 27 years of experience in financial matters. Sh. T.R.Khare and Sh. R.K.Pandey and Sh. P.K.Rajgarhia are the Members of Audit Committee as on 31st March, 2011.

Sh. P. K. Rajgarhia, who is Chairman of Share Transfer & Shareholders/Investors Grievance Committee, is an Engineer and an Industrialist but is also engaged in the business of share market since last 11 years. Sh. T.R. Khare, Sh. R.K. Pandey and Sh. Sham Nijhawan are the Members of Share Transfer & Shareholders Grievance Committee as on 31st March, 2011.

Sh. R.K. Pandey who is Chairman of Remuneration Committee, is a law graduate and a fellow member of the Institute of Company Secretaries of India and is retired from the post of Executive Director of Delhi Stock Exchange Association Ltd. Sh. T.R. Khare, Sh. Sham Nijhawan and Sh. P.K. Rajgarhia are the Members of Remuneration Committee as on 31st March, 2011.

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 Shri Sham Nijhawan is the chairman of the Audit Committee.

During the year ended 31st March, 2011, the committee held 5 Meetings on the following dates:

- 30th April, 2010
- 7th July, 2010
- 31st July, 2010
- 30th October, 2010
- 29th January, 2011

The terms of the reference of 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 their 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. P. K. Rajgarhia is the Chairman of the Committee.

During the year ended 31st March, 2011, the committee held 9 Meetings on the following dates:

- | | |
|-------------------------|-------------------------|
| 1. 10th July, 2010 | 2. 15th September, 2010 |
| 3. 30th September, 2010 | 4. 11th October, 2010 |
| 5. 20th October, 2010 | 6. 20th November, 2010 |
| 7. 31st December, 2010 | 8. 15th February, 2011 |
| 9. 31st March, 2011 | |

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 Mr. R. K. Pandey 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.

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
23rd	2008	30th Sept. 2008	10.30 A.M.	Mehta Farms, Village Chhawla, Rajokari- Nazafgarh Road, New Delhi – 110071.
24th	2009	30th Sept. 2009	11.30 A.M.	Ikma Estate, E-15, Ansal Villas, Village Satbari, New Delhi – 110030.
25th	2010	31st July 2010	11.30 A.M.	Ikma Estate, E-15, Ansal Villas, Village Satbari, New Delhi – 110030.

No Special Resolution was passed in the previous three Annual General Meetings.

A special resolution was passed in Extra Ordinary General Meeting, held on 28.06.2010 to create, offer, issue and allot upto 18,00,000 convertible warrants ("the Warrants").

5. DISCLOSURES

5.1 Related Party Transactions

Details of transactions with related parties have been reported in Notes to Accounts as per Schedule 'M' 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, 2011. 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.