

Annual Report

2009-2010

ADARSH MERCANTILE LIMITED

BOARD OF DIRECTORS

KSHITIZ CHHAWCHHARIA
SUCHITA CHHAWCHHARIA
P NARAYANAN
GAUTAM AGARWALA
RAKESH NAGAR

SECRETARIAL COMPLIANCE OFFICER

P S & ASSOCIATES

AUDITORS

P MUKHERJEE & CO.
CHARTERED ACCOUNTANTS

BANKERS

CITIBANK N.A.

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REGISTERED OFFICE

8A & 8B, SATYAM TOWERS
3, ALIPORE ROAD
KOLKATA – 700 027

ADARSH MERCANTILE LIMITED

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held at the Registered Office at 8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027, on Wednesday, the 1st day of September 2010 at 12.00 P.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Kshitiz Chhawchharia who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mrs. Suchita Chhawchharia who retires by rotation and is eligible for re-appointment.
4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s R Ray & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting in place of the retiring Auditors, M/s P Mukherjee & Co., Chartered Accountants, to audit the accounts of the Company for the financial year 2010-2011 at a remuneration to be fixed by the Board of Directors."

Notes:

- a) Each shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a shareholder. The proxy form should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- b) Corporate Members intending to send their authorized representatives at attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- c) Members/Proxies attending the meeting are requested to bring their copy of the Attendance Slip duly filled in.
- d) The Register of Share Transfers of the Company will remain closed for accepting share transfer applications from 24th August 2010 to 31st August 2010.

By Order of the Board of Directors

For Adarsh Mercantile Ltd.

K Chhawchharia
Director

Date: August 14, 2010
Place: Kolkata

ADARSH MERCANTILE LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are hereby presenting the Annual Report together with the audited accounts of the company for the year ended 31st March 2010.

FINANCIAL RESULTS

The working of the Company during the year under review shows a net loss of Rs 22,566 which is accumulated with the credit balance in Profit & Loss Account of Rs 7,402,210 after providing for IT Adjustments for Rs 6,538.

DIVIDEND

Your Directors do not recommend payment of any dividend for the year.

STATUTORY INFORMATION

a) Conservation of Energy

Your Company not being a Manufacturing Company, the provisions relating to measures for conservation of energy and reduction of energy consumption are not applicable.

b) Technology absorption

No comment is being made on technology absorption considering the nature of activities undertaken by your Company during the period under preview.

c) Foreign Exchange Earning/Outgo

There has been no foreign exchange earnings or outflow during the period under preview.

d) Information u/s 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

None of the employees of the Company was in receipt of remuneration in the aggregate which was in excess of Rs 2,400,000 if employed throughout the year, or at a rate which was in excess of Rs 200,000 per month, if employed for a part of the year.

e) As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state that:

- i) in the preparation of the annual accounts for the year under review, the applicable Accounting Standards, subject to Notes on Accounts as stated in the Schedule annexed to the account, has been followed;
- ii) the Directors had selected such accounting policies and applied them consistently and made 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 at the end of the Financial year concerned and of the profit/loss of the Company for the year under review;
- iii) 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;

ADARSH MERCANTILE LIMITED

- iv) the Directors had prepared the Annual Accounts for the year under review on a going concern basis.

PARTICULARS OF EMPLOYEES

There is no employee in respect of whom particulars pursuant to section 217(2) of the Companies Act, 1956 are required to be given.

AUDITORS

M/s P. Mukherjee & Co., Chartered Accountants, retires on conclusion of the Annual General Meeting and being eligible offer themselves for reappointment.

COMPLIANCE CERTIFICATE

Pursuant to Proviso to sub-section (1) of Section 383A of the Companies (Amendment) Act, 2000 and Rule 3(1) of the Companies (Compliance Certificate) Rules, 2001, the Board has appointed Ms Swati Bajaj, Company Secretary for certifying the compliance by the Company under the Companies Act, 1956 and other allied Rules for the financial year ended on 31.03.2010. The compliance certificate given by Ms Swati Bajaj forms part of the Directors' Report and is annexed herewith.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report under Annexure. The certificate from the Company's auditors confirming the compliance in terms of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchange is annexed thereto. A certificate from CEO/CFO of the Company is also annexed.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere thanks to the shareholders for their support, co-operation and confidence in the management of the Company.

The observations made by the auditors in their report are as duly explained in the relevant notes on accounts.

By order of the Board

Kolkata
May 29, 2010

Rakesh Nagar
(Director)

Kshitiz Chhawchharia
(Director)

ADARSH MERCANTILE LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

The key areas of Management Discussion and Analysis are given below.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian economy which had managed to emerge out of the global turmoil in the year 2008-09 relatively unscathed, witnessed a quick rebound in the year 2009-10. The global growth momentum also saw a rise following the unprecedented boost of liquidity by Federal Governments across countries, especially in developed economies. While recovery in real economy remained on track, the returns from Stock Markets, especially in emerging markets were much more. The synchronized measures introduced by the policy makers to restore stability and confidence in the markets were clearly achieving what they intended to.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Company is engaged primarily in the business of trading activities accordingly there are no separate reportable segments.

OUTLOOK

Your Company is making all efforts to accelerate the growth of its business. In spite of the market risks faced by your Company, your directors are optimistic about the future prospects of the Company.

OPPORTUNITIES & THREATS

Your Company's growth and profitability are dependent on the functioning of Commodity & Capital Markets. Your Company expects a favorable market in the years to come. Your Company on its part is also well poised to seize new opportunities as they come.

RISKS & CONCERNS

Your Company is exposed to several market risks like credit risk, liquidity risk and interest rate risk. The volatility of the capital markets in which your Company operates is also a major cause of concern to the Company.

INTERNAL CONTROL SYSTEM AND ADEQUACY

Internal control systems and procedures in the Company are commensurate with the size and the nature of Company's business and are regularly reviewed and updated by incorporating changes in regulatory provisions in order to safeguard the assets and to ensure reliability of financial reporting.

FINANCIAL PERFORMANCE

During the year under review the Company received dividend of Rs 114,699 compared to Rs 555,768 in the previous year. The Interest income during the year was Rs 1,038,582 as against Rs 969,681 in the corresponding previous period. The Company suffered a loss of Rs 805,199 on disposal of Investments compared to profit earned for Rs 602,338 in the previous year. The trading activities of the Company resulted in a profit of Rs 425,167 during the year as compared to a loss of Rs 1,749,278 during the previous year.

The loss before tax during the current period was Rs 16,028 compared to a profit of Rs 131,165 during the preceding previous year. The loss on investments sold and lower dividend income has resulted in lower profit during the year.

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

1. Company's philosophy on Code of Governance

It is the Company's philosophy that good Corporate Governance is necessary to achieve long-term goals and to enhance shareholder value. The Board and management of the Company commit themselves to such corporate governance practices that meet the expectations of all the stakeholders. Apart from compliance with regulatory requirements, the company takes measures to ensure high standard of ethics. All the employees are bound by a Code of Conduct that sets forth the Company's policies.

2. Board of Directors

• **Composition and Size of the Board**

The Board of the Company consists of three Non-Executive Independent Directors and two Executive Directors, who are having in-depth knowledge of the business.

The independent Directors bring independent judgment in the Board's deliberations and decisions. The size and composition of the Board conforms to the requirements of the Corporate Governance code under the Listing Agreement with the Stock Exchanges. None of the Directors on the Board is a member on more than ten Committees and Chairman of more than five Committees (as specified in Clause 49 of the Listing Agreement) across all the companies in which they are Directors.

• **Number of Board Meetings held during the year along with the dates of the Meetings**

During the financial year under review, five Board meetings were held and the gap between two Board Meetings did not exceed three months. The Board Meetings were held on the following dates:

30th April 2009, 30th June 2009, 31st July 2009, 31st October 2009 & 30th January 2010.

- The information as required under Annexure I to Clause 49 of the Listing Agreement is made available to the Board. The Agenda and the papers for consideration at the Board Meetings are circulated at least three days prior to the meeting. Adequate information is circulated as a part of Board papers and is made available at the Board Meetings to enable the Board to take informed decisions.
- Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Companies and Committees where he is Director / Member (as on 31st March, 2010):

Directors	Category of Directorship	Board Meetings Attended	Attendance at the last AGM	No. of other Directorship held in other Companies	No. of Board Committees of which Member / Chairman in other Companies	
					Chairman	Member
Mr. Kshitiz Chhawchharia	Promoter	5	Present	-	-	-
Mrs. Suchita Chhawchharia	Executive Director	5	Present	-	-	-
Mr. Gautam Agarwala	NED (I)	5	Present	-	-	-
Mr. Rakesh Nagar	NED (I)	5	Present	2	-	-
Mr. P Narayanan	NED (I)	5	Present	-	-	-

(NED)- Non-Executive Director, (ED)-Executive Director, (I)-Independent.

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Notes :

1. Number of Directorship held in other companies, exclude Directorship in private companies, foreign companies and Alternate Directorships.
 2. An Independent Director is a Director who, apart from receiving Director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries and associates, which in the judgment of the Board may affect their independence of judgment.
- Details of Directors seeking re-appointment at the ensuing Annual General Meeting fixed on 1st September 2010 are given below :

Name of Director	Mr. Kshitiz Chhawchharia	Mrs. Suchita Chhawchharia
Date of Appointment	03-10-2000	06-03-2006
Expertise in specific functional areas	Senior Executive having experience in financial matters and advises on compliance with various laws.	Senior Executive having experience in financial matters and advises on compliance with various laws.
List of other Directorship held	None	None

3. Audit Committee

The Board of the Company has constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors and one Promoter Director viz. Mr. Gautam Agarwala, Mr. Rakesh Nagar, Mr. P. Narayanan & Mr. Kshitiz Chhawchharia. The Members of the Committee are well versed with finance and accounts / legal matters and general business practices. All Directors are financially literate and Mr. Gautam Agarwala has accounting and financial management expertise.

The Statutory Auditors are invitees to the meeting.

The terms of reference of the Audit Committee include the matters specified in Clause 49(II) of the Listing Agreement with the Stock Exchanges and covers inter-alia overseeing Company's financial reporting process, adequacy of internal control systems, reviewing financial risk management policies and compliance with Accounting Standards etc.

There were four meetings of the Audit Committee during the year held on 30th June 2009, 31st July 2009, 31st October 2009 & 30th January 2010 and the gap between two meetings was not more than four months. The attendance of each Member of the Committee is given below :

Name of the Director	No. of Meetings Attended
Mr. Gautam Agarwala	4
Mr. Rakesh Nagar	4
Mr. P. Narayanan	4
Mr. Kshitiz Chhawchharia	4

All the above members of the Audit Committee were present at the Annual General Meeting of the Company held on 30th September, 2009.

ADARSH MERCANTILE LIMITED

4. Investors' / Shareholders' Grievance Committee

The Board of Directors of the Company has constituted Investors' / Shareholders' Grievance Committee, which comprises three Directors viz. Mr. Gautam Agarwala, Mr. Rakesh Nagar and Mr. P Narayanan.

The Company has not received any grievance from the shareholders and as such no investors' grievance remains unattended or pending during the year under review.

The Investors' / Shareholders' Grievance Committee had two meetings during the year on 31st October 2009 and 30th January 2010.

5. General Body Meetings

Nature of the General Meeting	Date and time of AGM	Venue	If Special Resolution(s) Passed
Annual General Meeting	28.09.2007	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No
Annual General Meeting	30.09.2008	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No
Annual General Meeting	30.09.2009	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No

No Extra Ordinary General Meetings were held during the year

6. Disclosure

(1) Remuneration

- Remuneration Committee was constituted on 24th March, 2008 comprising of three independent directors, viz., Sri Gautam Agarwala, Sri Rakesh Nagar and Sri P Narayanan.
- Remuneration of employees largely consists of fixed pay i.e basic pay, allowances etc.
- No remuneration has been paid to the Non-Executive Directors.
- No remuneration was paid to the Executive Directors during the year 2009-2010

Note: No Commission has been paid to any Director.

- There are no related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed in Note No. 5 on Schedule 'N' of the Accounts.
- During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

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7. Code of Conduct

The Company has a Code of Conduct for Directors and Senior Management.

8. Means of Communication

- The Company does not have any website of its own. There were no presentations made to the institutional investors or analysts.
- The Management Discussion and Analysis Report forms a part of this Annual Report.

9. General Shareholder Information

- AGM Date, Time and Venue 1st September 2010 at 11.00 A.M. at 8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027
- Financial Calendar for Financial Year 2010-2011 1st April to 31st March.
- First Quarterly Results Before 15th day of August 2010
- Second Quarterly Results Before 15th day of November 2010
- Third Quarterly Results Before 15th day of February 2010
- Audited Yearly Results for the year ended 31st March, 2011 Before end of June, 2011
- Date of Book Closure 24th August 2010 to 31st August 2010 (both days inclusive).
- Dividend Payment Date(s) Not Applicable
- Listing on Stock Exchanges The Uttar Pradesh Exchange Association Limited. The Company has paid the listing fee for the period 1st April, 2009 to 31st March, 2010.
- Stock Code - Physical The Uttar Pradesh Stock Exchange Association Limited : 03053
- Demat ISIN Number for NSDL & CDSL INE 673E01018
- High / Low market price of the Company's shares traded on Stock Exchanges There was no trading of the Shares of the Company for the period from 1st April, 2009 to 31st March, 2010 at The Uttar Pradesh Stock Exchange Association Limited. Therefore, high / low of market price of the share does not arise.
- Address for Correspondence : Principal Office Adarsh Mercantile Limited
8A & 8B, Satyam Towers,
3, Alipore Road
Kolkata 700 027
Phone : 2479-1951
Fax : 2479 1952

ADARSH MERCANTILE LIMITED

- Registrar and Transfer Agents for Electronic Segment and Physical Segment

Niche Technologies Pvt. Ltd.
71, B. R. B. Basu Road
Kolkata 700 001
Phone : 2235-7270
Fax : 2215 6823

- Share Transfer System

Shares lodged for transfer are placed before the Board, duly authorised and if approved the transfer and transmission of shares, including issue of duplicate share certificates and allied matters are completed. The Shareholders' / Investors' Grievance Committee monitors investors' grievances. The share transfers received are processed within 15 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects.

- Distribution of Shareholding as on 31st March, 2010.

No. of Equity Shares held	No. of Shareholders	% of Shareholders to total	Number of Shares	% of Shareholding to total
1 - 100	124	80.52	7220	0.20
101 - 200	3	1.95	600	0.02
201 - 400	Nil	Nil	Nil	Nil
401 - 500	Nil	Nil	Nil	Nil
501 - 700	Nil	Nil	Nil	Nil
701 - 2000	Nil	Nil	Nil	Nil
2001 - 5000	Nil	Nil	Nil	Nil
5001 - 30000	9	5.84	208750	5.68
30001 - 50000	10	6.49	378575	10.30
50001 - 100000	5	3.25	393750	10.71
Above 100000	3	1.95	2686105	73.09
	154	100.00	3675000	100.00

- Shareholding Pattern as on 31st March, 2010 :

Category	No. of shares	%
FII's, NRIs and OCBs	Nil	Nil
Mutual Funds	Nil	Nil
Domestic Companies	2758605	75.06
Resident Individuals	916395	24.94
Total	3675000	100.00

- Dematerialisation of Shares and Liquidity As on 31st March, 2010, 367,500 shares of the Company have been dematerialized.
- Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity Not Applicable.

ADARSH MERCANTILE LIMITED

May 29, 2010

The Board of Directors
Adarsh Mercantile Limited
8A & 8B, Satyam Towers,
3, Alipore Road
Kolkata – 700 001.

Sub: CEO/CFO Certificate with reference to Corporate Governance Norms pertaining to Financial Year 2009-10.

Dear Sirs,

We hereby certify that –

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief :
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2009-10 which are fraudulent, illegal or violating the Company's Code of Conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee :
 - a) that there has been no significant changes in internal control over financial reporting during the year,
 - b) that there has been no significant changes in accounting policies during the said financial year;
 - c) that there has been no instances of significant fraud of which we have become aware and therefore, there is no scope of involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you,

Yours faithfully,
For Adarsh Mercantile Limited

(Kshitiz Chhawchharia)
CEO Designated as Director

ADARSH MERCANTILE LIMITED

Registration no. 21-055082:
Paid-up capital: Rs. 3,67,50,000

COMPLIANCE CERTIFICATE

To
The Members of
ADARSH MERCANTILE LIMITED
8A & 8B, Satyam Towers,
3, Alipore Road
Kolkata-700 027

I have examined the registers, records, books and papers of **Adarsh Mercantile Limited.**, as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify the following clauses as set out in Form specified under The Companies (Compliance Certificate) Rules, 2001 to the extent relevant to the said Company in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, which were required to be filed with the Register of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being a public limited company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met 5 (five) times on 30th April 2009, 30th June 2009, 31st July 2009, 31st October 2009 & 30th January 2010 during the year 2009-2010 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolution was passed during the year under review.
5. Register of Members was remained closed from 25th September 2009 to 30th September 2009.
6. The annual general meeting for the financial year ended on 31st March 2009 was held on 30th September, 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;
7. No extra ordinary general meeting was held during the financial year ending 31st March 2010.
8. No loan of the nature specified in section 295 of the Companies Act, 1956 was made; hence no comments are required on the compliance of the provisions of the said section.
9. No contracts of the nature specified in section 297 of the Companies Act, 1956 has been entered in to by the Company during the year with any of the persons stated in the said section.

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10. According to explanation furnished to me, the company has made the relevant entries required to be made in the Register maintained u/s 301 pursuant to contracts of the nature specified therein entered into by the Company.
11. The Company was not required to obtain any approval from the Board of Directors, members or of the Central Government pursuant to section 314 of the Act as the provisions of the said section was not relevant to the Company during the said year.
12. No duplicate share certificates were issued by the Company during the year.
13. The Company has:
 - (i) delivered all the certificates on lodgement thereof for transfer/transmission or for any other purpose in accordance with the provisions of the Act.
 - (ii) has not declared any dividend for the year.
 - (iii) duly complied with the requirements of section 217 of the Act;
14. The Board of Directors of the company is duly constituted and the appointment of directors has been duly made. No new appointments of any nature have been made.
15. The Company has not appointed any Managing Director/ Whole- time Director/ Manager in the year under consideration.
16. No appointment of sole-selling agents was made by the Company.
17. The Company was not required to obtain any specific approval of the Central Government, the Company Law Board, Regional Director, Registrar or any other authorities as may be prescribed under any of the provisions of the Act.
18. The Directors have disclosed their interests in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder and necessary entries has been done in the register maintained for the purpose.
19. The Company has not issued nor allotted any shares during the year under consideration.
20. The Company has not bought back any shares during the financial year ending 31st March 2010.
21. The Company does not have any issued preference shares or debentures in its capital structure.
22. The Company was not required to keep in abeyance any rights to dividend, rights shares and bonus shares (no bonus or right issue was made by the company during the year under consideration).
23. The Company has not accepted any deposits as contemplated u/s 58A and 58AA and as such was not required to comply with the provisions of said section read with Companies (Acceptance of -Deposit) Rules, 1975/the applicable directions issued by the Reserve Bank of India/any other authority in respect of deposits accepted including unsecured loans taken, or raised by a company.

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24. The Company was not required to take sanction under section 293 of the Companies Act, 1956 therefore no comments is required.
25. The Company has not made such loans and investments or given guarantees or provided securities to such other bodies corporate that would require a mention and no entries were therefore required to be passed in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. As per information furnished and explanation given to me no prosecution was initiated against or show cause notice received by the company for any alleged offence under the Act and also no fines and/or penalties or any other punishment were imposed on the Company.
32. The Company has not received any amount as security from its employees during the year under certification requiring deposit as per provisions of section 417(1) of the Act;
33. The Company was not required to deduct any provident fund from its employees and as such provisions of section 418 of the Act are not applicable to the Company.

PLACE: Kolkata
Date: 29-05-2010

Signature:
(SWATI BAJAJ)
C.P. No.3502

ADARSH MERCANTILE LIMITED

ANNEXURE 'A'

Registers as maintained by the Company

- 1 Register & Index of Members u/s 150/ 151.
- 2 Register of directors etc u/s 303.
- 3 Register of disclosure u/s 301(3) read with section 299.
- 4 Register of directors' shareholdings u/s 307.
- 5 Register of Application & Allotment
- 6 Register of Transfers.
- 7 Minutes books for minutes of meetings of the Board & shareholders, separately.
- 8 Register of Contracts u/s 301.
- 9 Register of Charges u/s 301

ANNEXURE 'B'

Form and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

Sl. No.	Form No./ Return.	Filed under Section	Purpose	Date of filing	Whether filed within prescribed time	If delay in filing, whether requisite additional fee paid (Yes/No)
1.	20B	159	For AGM held on 30-09-09	12-11-2009	Yes	NA
2.	23AC/ACA	220	For the financial year 2008-09	28-10-2009	Yes	NA
3.	66	383A	For the financial year 2008-09	15-09-2009	Yes	NA

ADARSH MERCANTILE LIMITED

AUDITORS' REPORT

To the Members of
ADARSH MERCANTILE LIMITED

1. We have audited the attached balance sheet of ADARSH MERCANTILE LIMITED as at March 31, 2010, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except Accounting Standard ('AS') 15, Retirement Benefits.*
 - (v) On the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

ADARSH MERCANTILE LIMITED

- (a) in the case of the balance sheet, of the state of affairs of the company as at March 31, 2010;
- (b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

P. Mukherjee & Co.
Firm Registration No.: 304143E
Chartered Accountants

Kolkata
May 29, 2010

P. Mukherjee
Partner
Membership No. 006832

ADARSH MERCANTILE LIMITED

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
 - (c) As per the information and explanations given to us, substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company is trading and investing in shares, mutual funds etc. and therefore, the provisions of clauses 4(ii)(a), 4(ii)(b) & 4(ii)(c) of the Companies (Auditors') Report Order, 2003 (as amended) are not applicable.
- (iii)
 - (a) The Company has granted loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs 2,558,967 and the year end balance of loan given to such party was Rs 2,414,722.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of loan as aforesaid are not prima facie prejudicial to the interest of the Company.
 - (c) According to the information and explanations given to us, the payment of principal amount and interest are generally regular.
 - (d) According to the information and explanations given to us, all loans given are recoverable on demand and accordingly there is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - (e) The Company has not taken any loan from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v)
 - (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) No deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under have been accepted by the Company.
- (vii) The Company does not have an internal audit system. However, in our opinion and according to the representations made by the management, the level of operations and transactions of the Company, by itself, do not require a formal internal audit system.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

ADARSH MERCANTILE LIMITED

- (ix) (a) According to the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding, as at 31 March 2010 for a period of more than six months from the date they became payable, *except income tax for Rs 6,014 for the AY 2007-08.*

- (b) According to the information and explanations given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute, except

Name of the statute	Nature of dues	Assessment year	Amount (in Rs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2007-2008	672	Asst. Comm. of Income tax
	Income Tax	2008-2009	44,600	Asst. Comm. of Income tax

- (x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) The Company has no borrowings from financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society.
- (xiv) In our opinion and according to the information and explanations given to us, we are of the opinion that proper records have been made of the transactions in respect of trading in shares, securities, debentures and other investments and timely entries have been made therein. All the shares, debentures and other investments are held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- (xvi) The Company has not raised any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

P. Mukherjee & Co.
Firm Registration No.: 304143E
Chartered Accountants

Kolkata
May 29, 2010

P. Mukherjee
Partner
Membership No. 006832

ADARSH MERCANTILE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

(All amounts in Rupees)

	<u>Schedules</u>	<u>2010</u>	<u>2009</u>
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUND			
Share Capital	A	36,750,000	36,750,000
Reserves & Surplus	B	17,901,067	17,923,633
LOAN FUNDS			
Unsecured loan - from body corporates		-	5,080,270
		<u>54,651,067</u>	<u>59,753,903</u>
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS:			
Gross Block	C	14,000	14,000
Less: Depreciation		8,733	7,882
Net Block		<u>5,267</u>	<u>6,118</u>
INVESTMENTS			
	D	27,043,944	32,390,387
CURRENT ASSETS, LOANS & ADVANCES			
Stock in Trade	E	11,388,842	11,328,575
Sundry Debtors	F	868,596	45
Cash and Bank Balances	G	29,079	71,925
Loans & Advances	H	15,787,387	19,896,110
		<u>28,073,904</u>	<u>31,296,655</u>
Less: Current Liabilities & Provisions	I	(472,048)	(3,939,256)
Net Current Assets		<u>27,601,856</u>	<u>27,357,399</u>
		<u>54,651,067</u>	<u>59,753,903</u>
NOTES ON ACCOUNTS			
BALANCE SHEET ABSTRACT & COMPANY'S			
GENERAL BUSINESS PROFILE			
	N		
	O		

The schedules referred to above form an integral part of these accounts.

As per report of even date attached herewith

For P. Mukherjee & Co.

Firm Registration No. 304143E

Chartered Accountants

P. Mukherjee
Partner
M No. 006832

Place : Kolkata
Dated : May 29, 2010

For and on behalf of the Board

K Chhawchharia

)

) DIRECTORS

Rakesh Nagar)

ADARSH MERCANTILE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(All amounts in Rupees)

<u>INCOME</u>	<u>Schedules</u>	<u>2010</u>	<u>2009</u>
Income from operations	J	1,501,447	(704,940)
Other Income	K	(728,198)	1,083,448
		<u>773,249</u>	<u>378,508</u>
<u>EXPENDITURE</u>			
Employees Remuneration & Benefits	L	95,200	95,200
Other Expenses	M	580,972	50,058
Interest paid		112,255	101,096
Depreciation		851	989
		<u>789,278</u>	<u>247,343</u>
Profit/(Loss) before tax		(16,028)	131,265
<u>Income tax expenses</u>			
Income Tax Adjustments		(6,538)	(2,711)
Profit/(Loss) after tax		<u>(22,566)</u>	<u>128,454</u>
Profit & loss account, beginning of year		7,402,210	7,273,756
Profit & loss account, end of year		<u>7,379,644</u>	<u>7,402,210</u>
 Basic & Diluted earnings per share (Face Value Rs 10)		 (0.01)	 0.03

The schedules referred to above form an integral part of these accounts.

For and on behalf of the Board

As per report of even date attached herewith

For P. Mukherjee & Co.

Firm Registration No. 304143E

Chartered Accountants

P. Mukherjee

Partner

M No. 006832

K Chhawchharia

)

) DIRECTORS

Rakesh Nagar)

Place : Kolkata

Dated : May 29, 2010

ADARSH MERCANTILE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	2010	2009
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Net Profit/(Loss) before tax and extraordinary items	(16,028)	131,165
Adjustment for :		
Depreciation	851	989
Interest paid	112,255	101,096
Interest & Dividend Income	(1,153,281)	(1,525,449)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1,056,204)	(1,292,198)
Adjustment for :		
Trade and other receivables	3,244,164	(1,695,546)
Inventories	(60,266)	(4,352,814)
Trade Payables and other liabilities	(3,896,826)	20,775
Cash generated from operations	(1,769,133)	(7,319,783)
Direct Taxes paid	(41,202)	11,304
Cash flow before extra ordinary items	(1,810,335)	(7,308,479)
Extra Ordinary items		
Net cash from Operating activities	(A) (1,810,335)	(7,308,479)
<u>CASH FLOW INVESTING ACTIVITIES:</u>		
(Purchase)/Sale of Investments	5,346,443	824,982
Interest and Dividend Income	1,153,281	1,525,449
Net Cash used in investing activities	(B) 6,499,724	2,350,431
<u>CASH FLOW FROM FINANCING ACTIVITIES:</u>		
Proceeds/(repayment) from Borrowings	(5,080,270)	5,080,270
Interest Paid	(112,255)	(101,096)
Net Cash used in investing activities	(C) (5,192,525)	4,979,174
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(503,136)	21,126
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	71,925	50,799
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(431,211)	71,925

NOTES: Cash and cash equivalents represent cash and bank balances only (including temporary overdraft due to overissue of cheques)

For P. Mukherjee & Co.
Firm Registration No. 304143E
Chartered Accountants

P. Mukherjee
Partner
 M No. 060568

Place : Kolkata
 Dated : May 29, 2010

For and on behalf of the Board

K Chhawchharia
 _____)
 Rakesh Nagar) **DIRECTORS**

ADARSH MERCANTILE LIMITED

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

(All amounts in Rupees)

	<u>2010</u>	<u>2009</u>
A. SHARE CAPITAL		
<u>AUTHORISED</u>		
4,000,000 (2008 - 4,000,000) Equity shares of Rs.10 each	<u>40,000,000</u>	<u>40,000,000</u>
<u>ISSUED, SUBSCRIBED & PAID UP</u>		
3,675,000 Equity shares of Rs.10 each (Includes 2,625,000 equity shares of Rs 10 each allotted to the shareholders of M/s Amodini Sales Pvt. Ltd., without payment being received in cash, in terms of the Scheme of arrangement approved by the Hon'ble High Court at Kolkata vide its order dated 15-02-2007).	<u>36,750,000</u>	<u>36,750,000</u>
B. RESERVES & SURPLUS		
General Reserve	245,000	245,000
General Reserve on Amalgamation	10,276,423	10,276,423
Profit & Loss Account	7,379,644	7,402,210
	<u>17,901,067</u>	<u>17,923,633</u>

C. FIXED ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at 01.04.2009	Additions/ (Deduction) 31.03.201	As at 01.04.2009	For the year (Deduction)	As at 31.03.2010	As at 31.03.2009
Cellular Phone	14,000	-	14,000	851	7,882	8,733
	<u>14,000</u>	<u>-</u>	<u>14,000</u>	<u>851</u>	<u>7,882</u>	<u>8,733</u>
PREVIOUS YEAR FIGURES	14,000	-	14,000	989	7,882	6,118
						5,267
						<u>6,118</u>

ADARSH MERCANTILE LIMITED

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

(All amounts in Rupees)

D) INVESTMENTS - LONG TERM (NON-TRADE)

	<u>FV</u>	<u>Qty</u>	<u>2010</u>	<u>Qty</u>	<u>2009</u>
<u>Equity Shares - Quoted and fully paid up:</u>					
Andhra Petrochemicals Ltd.	10	18,000	539,802	18,000	539,802
Ansal Properties & Infrastructure Ltd.	5	400	147,324	400	147,324
Ashiana Housing Ltd.	10	7,425	287,947	12,937	980,426
Bharti Airtel Ltd.	5	200	78,805	100	78,805
Century Textiles & Industries Ltd.	10	-	-	150	72,337
Deep Industries Ltd.	10	2,000	97,347	2,000	97,347
GMR Infrastructure Ltd.	2	2,750	241,536	1,375	241,536
Great Offshore Ltd.	10	-	-	100	72,252
Gremach Infra. Equipments & Projects Ltd.	10	400	110,456	550	186,240
Gujarat Ambuja Exports Ltd.	2	500	24,661	500	24,661
Himadri Chemicals & Industries Ltd.	10	50	8,528	250	42,640
Hindustan Construction Company Ltd.	1	1,000	170,091	1,000	170,091
Hotel Leela Ventures Ltd.	2	2,000	131,669	2,000	131,669
IFCI Ltd.	10	1,000	50,702	1,000	59,538
IFGL Refractories Ltd.	10	165,526	10,010,724	165,526	10,010,724
ITC Ltd.	1	100	23,282	100	23,282
IVRCL Infrastructure & Projects Ltd	2	2,500	20,728	1,250	20,728
Jai Balaji Industries Ltd.	10	1,000	490,078	1,000	490,078
Jindal South West Holdings Ltd.	10	50	137,151	100	274,302
Larsen & Toubro Ltd.	2	115	164,571	115	164,571
Nagarjuna Construction Company Ltd.	2	500	68,085	500	68,085
Nava Bharat Ventures Ltd.	2	-	-	500	19,450
NHPC Ltd.	10	1,500	45,358	-	-
National Organic Chemical Industries Ltd.	10	15,000	387,409	15,000	345,408
Padmini Technologies Ltd.	10	13,000	80,600	13,000	80,600
Punj Lloyd Ltd.	2	330	54,593	580	126,454
Reliance Industrial Infrastructure Ltd.	10	500	997,481	650	1,295,438
Reliance Petroleum Ltd.	10	-	-	3,000	639,851
Saint Gobain Sekurit India Ltd.	10	5,000	202,473	5,000	202,473
Satyam Computer Services Ltd.	10	250	23,168	-	-
S Kumars.Com Ltd.	10	45,000	58,500	45,000	58,500
South Asian Petrochem Ltd.	10	49,612	567,105	50,612	577,215
Suzlon Energy Ltd.	2	300	67,669	300	67,669
Tulip Telecom Ltd.	10	87	26,931	87	26,931
United Breweries Ltd.	1	625	132,905	625	132,905
Valecha Engineering Ltd.	10	450	-	985	104,268
Visa Steel Ltd.	10	9,000	462,864	9,000	462,864
Winsome Textiles Ltd.	1	15,000	49,322	1,250	35,426
Winy Commercial & Fiscal Services Ltd.	10	280,000	800,000	280,000	800,000
			<u>16,759,865</u>		<u>18,871,888</u>
<u>Equity Shares - Unquoted and fully paid up:</u>					
Arnold Builders Pvt. Ltd.	10	-	-	20,000	1,000,000
Avon Credit Pvt. Ltd.	10	5,290	264,500	5,290	264,500
BCCO Holdings Pvt. Ltd.	10	20,000	1,000,000	20,000	1,000,000
Electrosteel Steels Ltd.	10	400,000	4,000,000	-	-
Fab Chemicals Pvt. Ltd.	10	-	-	25,000	1,000,000
Finotex Vinimoy Pvt. Ltd.	10	70,000	875,000	370,000	3,247,500
Gallon Holdings Pvt. Ltd.	10	225,000	362,500	175,000	262,500
Hermestar of India Ltd.	100	25	2,500	25	2,500
Hind Products Pvt. Ltd.	10	599	5,990	599	5,990
Lucky Trading Co. Ltd.	10	4,500	45,000	4,500	45,000
One Two Three India.com Ltd.	10	4,200	180,000	4,200	180,000
S G Wires Pvt. Ltd.	10	300,000	255,000	300,000	255,000
Vedant Farms Pvt. Ltd.	10	-	-	20,000	1,000,000
Victory Business Pvt. Ltd.	10	-	-	20,000	1,000,000
			<u>6,990,490</u>		<u>9,262,990</u>
<u>Preference Shares - Unquoted and fully paid up:</u>					
Ginni Global Ltd.	100	1,500	300,000	-	-
Ginni International Ltd.	100	25,000	2,500,000	-	-
Reform Flour Mills Pvt. Ltd.	100	-	-	2,000	1,500,000
			<u>2,800,000</u>		<u>1,500,000</u>
<u>Mutual Fund Units - Unquoted:</u>					
Franklin India Bluechip Fund (Div)	10	-	-	2,052.701	76,141
HDFC Equity Fund - Dividend	10	4,089.713	146,876	3,741.259	131,911
IDFC Dynamic Bond Fund Plan A (Growth)	10	-	-	53,832.254	1,001,000
Pru ICICI Income Plan (Growth)	10	-	-	55,302.597	1,500,000
Reliance Quarterly Interval Fund Series II (Growth)	10	27,888.789	346,713	-	-
SBI Magnum Contra Fund (Div)	10	-	-	1,756.470	46,457
			<u>493,589</u>		<u>2,755,509</u>

ADARSH MERCANTILE LIMITED

	<u>2010</u>	<u>2009</u>
Aggregate amount of Quoted Investments	16,759,865	18,871,888
Aggregate amount of Unquoted Investments	10,284,079	13,518,499
	<u>27,043,944</u>	<u>32,390,387</u>
Market Value of Quoted Investments	15,504,557	7,099,853
Repurchase value of Units of Mutual Fund	526,771	2,630,656

E) STOCK-IN-TRADE

(As certified by management)

	<u>FV</u>	<u>Qty</u>	<u>2010</u>	<u>Qty</u>	<u>2009</u>
<u>Equity Shares - Quoted and fully paid up:</u>					
Anik Industries Ltd.	10	2,500	130,875	2,500	43,125
Ashapura Minechem Ltd.	2	200	12,970	300	7,080
Bag Films & Media Ltd.	2	500	9,950	1,000	11,470
Bhilwara Technical Textiles Ltd.	10	1,750	13,598	-	-
EMCO Ltd.	2	250	20,750	-	-
Facor Alloys Ltd.	10	6,000	15,500	6,000	15,500
HEG Ltd.	10	2,800	942,900	3,350	316,575
Hindusthan Natural Glass & Industries Ltd.	2	1,000	236,000	-	-
Interworld Digital Ltd.	1	5,000	5,700	5,000	5,700
Ispat Industries Ltd.	10	500	9,700	500	5,425
JCT Ltd.	10	1,000	3,140	1,000	1,620
JSW Steel Ltd.	10	150	140,340	150	34,778
Jubilant Organosys Ltd.	1	160	54,088	160	15,264
Kolte Patil Developers Ltd.	10	-	-	250	4,800
Kotak Mahindra Bank Ltd.	10	100	40,240	100	28,295
Manali Petrochemical Ltd.	5	3,500	33,040	3,500	23,245
MSK Projects India Ltd.	10	1,250	121,800	2,000	76,700
Noida Toll Bridge Co. Ltd.	10	-	-	1,000	23,850
Ontrack Systems Ltd.	10	55,000	556,600	55,000	275,550
Platinum Corporation Ltd.	1	1,000	410	1,000	410
Reliance Industries Ltd.	10	504	541,624	115	130,027
RSWM Ltd.	10	700	79,485	1,000	24,450
Ruchi Soya Industries Ltd.	2	250	24,350	250	5,638
SKF India Ltd.	10	500	173,850	500	74,625
SM Dyechem Ltd.	10	3,000	22,410	3,000	22,410
STL Global Ltd.	10	400	10,360	400	2,080
The Naihati Jute Mills Co. Ltd.	100	6,099	92,400	6,099	92,400
The Tinplate Co. (I) Ltd.	10	500	29,766	-	-
UCO Bank Ltd.	10	-	-	4,500	108,000
Vikash Metal & Power Ltd.	10	-	-	2,000	12,500
Visesh Infotecnics Ltd.	10	10,000	57,800	10,000	31,300
Winsome Yarns Ltd.	1	110,000	132,000	2,000	16,180
		<u>214,613</u>	<u>3,511,645</u>	<u>112,674</u>	<u>1,409,095</u>
<u>Equity Shares - Unquoted and fully paid up:</u>					
Borodrill Commercial Co. Pvt. Ltd.	10	5,000	1,000,000	10,000	2,000,000
Geekay Wires (P) Ltd.	10	6,000	4,980	6,000	4,980
Rangamatee Tea & Industries Ltd.	10	500	37,500	500	37,500
		<u>11,500</u>	<u>1,042,480</u>	<u>16,500</u>	<u>2,042,480</u>
<u>Mutual Fund Units - Unquoted:</u>					
Fortis Money Plus Regular - Growth	10	328,565.177	4,467,496	197,464.918	2,570,000
ICICI Prudential Short term Plan - Cumulative	10	17,482.219	307,000	17,482.219	307,000
Reliance Medium Term Fund Retail (Growth)	10	111,455.742	2,060,221	279,156.531	5,000,000
		<u>457,503.138</u>	<u>6,834,717</u>	<u>494,103.668</u>	<u>7,877,000</u>
TOTAL		<u>683,616.138</u>	<u>11,388,842</u>	<u>623,277.668</u>	<u>11,328,575</u>

F) SUNDRY DEBTORS

(Unsecured, considered good)

Due for less than six months

<u>2010</u>	<u>2009</u>
868,596	45
<u>868,596</u>	<u>45</u>

G) CASH & BANK BALANCES

Cash in hand

Balances with Schedules Bank

In Current Account

29,079	23,956
-	47,969
<u>29,079</u>	<u>71,925</u>

ADARSH MERCANTILE LIMITED

	<u>2010</u>	<u>2009</u>
H) <u>LOANS & ADVANCES</u>		
(Unsecured, considered good)		
Loans	9,600,911	11,393,626
Advances recoverable in cash or in kind or for value to be received	530,000	2,550,000
Advance against property	5,500,000	5,800,000
Advance Taxes & TDS	156,476	152,484
	<u>15,787,387</u>	<u>19,896,110</u>
I) <u>CURRENT LIABILITIES & PROVISIONS</u>		
A: <u>CURRENT LIABILITIES</u>		
Sundry Creditors	-	1,500,000
Advance received	-	2,385,000
Temporary overdraft due to overissue of cheques	460,290	-
Other Liabilities	11,758	23,584
	<u>472,048</u>	<u>3,908,584</u>
B: <u>PROVISIONS</u>		
Provision for Taxation	-	30,672
	<u>472,048</u>	<u>3,939,256</u>
J) <u>INCOME FROM OPERATIONS</u>		
Share & Mutual Fund Trading (refer Note 10 on Schedule 'N')	425,167	(1,749,278)
Interest on Loans (Includes TDS Rs 41,202; P.Y. - Rs 28,160)	1,038,582	969,681
Dividend income (trade)	37,698	74,657
	<u>1,501,447</u>	<u>(704,940)</u>
K) <u>OTHER INCOME</u>		
Profit on Sale of Investments (non-trade)	(805,199)	602,338
Dividend income (non-trade)	77,002	481,111
	<u>(728,198)</u>	<u>1,083,448</u>
L) <u>EMPLOYEES REMUNERATION & BENEFITS</u>		
Salary, Wages, Bonus & Allowances	95,200	95,200
	<u>95,200</u>	<u>95,200</u>
M) <u>OTHER EXPENSES</u>		
Advertisement	7,900	5,100
<u>Auditors' Remuneration</u>		
Statutory Audit	2,206	2,206
Tax Audit	552	552
Demat charges	3,277	2,049
Filing Fees	1,590	2,068
Irrecoverable balance written off (net)	500,000	-
Listing expenses	20,032	20,985
Miscellaneous Expenses	2,317	6,079
Professional Charges	23,645	-
Rates & Taxes	15,728	11,019
Travelling Expenses	3,726	-
	<u>580,972</u>	<u>50,558</u>

N) NOTES ON ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES

SYSTEM OF ACCOUNTING :

The company follows accrual basis of accounting in the preparation of account.

FIXED ASSETS & DEPRECIATION:

Fixed assets are valued at cost and depreciation is provided on Written Down Value basis in accordance with the provisions of Schedule XIV (as amended) to the Companies Act, 1956.

INVESTMENTS:

Long Term Investments are carried at acquisition cost (net of securities transaction tax) and Investments intended to be held for less than one year are classified as Current Investments and valued at lower of cost and market value.

STOCK IN TRADE :

Stock of shares and securities are valued at lower of cost and market value.

REVENUE :

Income is accounted for on accrual basis except where the receipt of income is uncertain.

TAXES ON INCOME :

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized subject to consideration of prudence, in respect of deferred tax assets on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2) Contingent Liability not provided for in respect of contested demand for AY 2008-09 & AY 2007-08 amounts to Rs 97,343.

3) Advances recoverable includes against given against property Rs 5,500,000 for acquisition and property development to body corporates.

ADARSH MERCANTILE LIMITED

4) The Company is predominantly engaged in the business of financial activities and is a 'Single Segment' Company.

5) Related Party Disclosures:

(a) List of Related Parties:

Key Management Personnel (KMP) and their relatives

Kshitiz Chhawchharia - Director
Suchita Chhawchharia - Director
Sushil Chhawchharia - Relative of Director
Ashish Chhawchharia - Relative of Director

Enterprises where KMP/relatives of KMP ha:
significant influence or control

Gallon Holdings Pvt. Ltd.
B Chhawchharia & Co.
- BCCO Consultants Pvt. Ltd.
BCCO Holdings Pvt. Ltd.
BCCO Commodities Pvt. Ltd.
Avon Credit Pvt. Ltd.

(b) Transactions with related parties:

Name of related party	Receivables at year end	Interest received	Advances given/(repaid)	Investments at year end
Gallon Holdings Pvt. Ltd.	-	-	-	362,500
	(-)	(-)	(-)	(362,500)
BCCO Holdings Pvt. Ltd.	2,414,722	219,104	-	1,000,000
	(2,586,603)	(227,041)	-	(1,000,000)
BCCO Commodities Pvt. Ltd.	2,450,000	-	500,000	-
	(1,950,000)	(-)	(1,350,000)	(-)
Avon Credit Pvt. Ltd.	2,300,000	-	(800,000)	264,500
	(3,100,000)	(-)	(300,000)	(264,500)

6) The Earnings Per Share ('EPS') has been calculated as specified in Accounting Standard ('AS') 20 and other disclosures in this regard are:

(a) Profit after tax for the year

(b) Weighted average of number of equity shares outstanding during the year

(c) Face Value of Equity Shares in Rs

(d) Basic & Diluted Earnings per share in Rs

	2010	2009
(a)	(22,566)	128,454
(b)	3,675,000	1,064,384
(c)	10	10
(d)	(0.01)	0.12

7) As availability of future taxable income is not certain, on consideration of prudence, provision for deferred tax assets is not made in terms of AS - 22.

8a) The Company does not owe any sum to Small Scale Undertakings which were outstanding for more than 30 days as at the end of the financial year.

8b) In the absence of necessary information relating to the suppliers registered as Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises (Development) Act, 2006, the Company has not been able to identify such suppliers and the information required under the said Act could not be compiled and disclosed.

9) There is no employee eligible for Gratuity as such no provision made.

10) Additional information pursuant to Clause 3(i), 4(c) and 4(d) of Part-II of Schedule VI of the Companies Act, 1956:
Purchase, Turn Over & Stocks - Shares & Securities

	Shares		Mutual Funds	
	Qty(Nos)	Value (Rs.)	Qty (units)	Value (Rs.)
Opening Stock	129,174	3,451,575	494,103.668	7,877,000
Purchases	(144,334)	(3,427,183)	(302,859.228)	(3,548,579)
	175,489	4,668,909	1,020,817.449	14,827,056
Sales	(19,890)	(2,980,148)	(1,996,926.612)	(28,686,241)
	78,550	3,796,472	1,057,417.979	16,064,394
Closing Stock	(35,050)	(1,056,295)	(1,805,682.172)	(24,508,002)
	226,113	4,554,125	457,503.138	6,834,717
	(129,174)	(3,451,575)	(494,103.668)	(7,877,000)

11) (a) Previous years figures have been rearranged/regrouped wherever necessary.

(b) Previous year figures above are mentioned in the brackets.

ADARSH MERCANTILE LIMITED

O) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	L51109WB1992PLC055082	State Code:	21
Balance Sheet Date	31.03.2010		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue:	NIL	Right Issue:	NIL
Bonus Issue:	NIL	Private Placement:	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities:	54,651	Total Assets:	54,651
Sources of Funds :		Reserves & Surplus:	17,901
Paid up Capital:	36,750	Unsecured Loans:	-
Secured Loans:	NIL	Investments	27,044
Application of Funds:		Misc. Expenditure:	NIL
Net Fixed Assets:	5		
Net Current Assets:	27,602		
Accumulated Losses:	NIL		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)	773	Total Expenditure	789
Profit /Loss Before Tax + -	(16)	Profit/Loss After Tax + -	(23)
Earning per Share:	(0.01)	Dividend rate %	NIL

V. Generic name of three Products/Services of Company (as per monetary terms)

Item Code No.
(ITC Code) : NOT APPLICABLE

Product Description: FINANCING AND DEALING IN SHARES & SECURITIES

Signature to Schedules A to O

As per report of even date attached herewith

For P. Mukherjee & Co.
Firm Registration No. 304143E
Chartered Accountants

For and on behalf of the Board

P. Mukherjee
Partner
M No. 060563

K Chhawchharia

) DIRECTORS

Rakesh Nagar)

Place : Kolkata
Dated : May 29, 2010