

Annual Report

2012-2013

ADARSH MERCANTILE LIMITED

ADARSH MERCANTILE LIMITED

BOARD OF DIRECTORS

P NARAYANAN
GAUTAM AGARWALA
SUCHITA CHHAWCHHARIA

SECRETARIAL COMPLIANCE OFFICER

PS & ASSOCIATES

AUDITORS

S RAY & 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 Eighth 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 Monday, the 23rd day of September 2013 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, 2013 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 the Statutory Auditors of the Company and fix their remuneration.

Special Business:

Item No. 3

*To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:*

"RESOLVED THAT in accordance with the provisions of Section 255 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof for the time being in force and the Articles of Association of the Company, Mrs. Suchita Chhawchharia, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member in writing, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

Notes:

- a) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- b) 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.
- c) Corporate Members intending to send their authorized representatives to 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.
- d) Members/Proxies attending the meeting are requested to bring their copy of the Attendance Slip duly filled in.
- e) The Register of Share Transfers of the Company will remain closed for accepting share transfer applications from 16th September 2013 to 23rd September 2013.

ADARSH MERCANTILE LIMITED

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956
(Annexure as referred to in the notes of Notice)**

Item No. 3

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, the Board of Directors of the Company in its meeting held on June 24, 2013, appointed Mrs. Suchita Chhawchharia as an Additional Director of the Company.

The Company had received a notice in writing from a member along with a deposit of Rs 500 proposing the candidature of Mrs. Suchita Chhawchharia for the office of Director of the Company.

Mrs. Suchita Chhawchharia is not disqualified from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956 and has complied with the requirements of obtaining a Directors' Identification Number in terms of Section 266A of the Companies Act, 1956.

The Board recommends the resolution for the appointment of Mrs. Suchita Chhawchharia as a Director of the Company.

Mrs. Suchita Chhawchharia does not hold any equity shares of the Company in her own name and except Mrs. Chhawchharia none of the Directors of the Company are, in any way, concerned or interested in this resolution.

By Order of the Board of Directors

For Adarsh Mercantile Ltd.

P Narayanan
(Director)

Date: August 31, 2013

Place: Kolkata

ADARSH MERCANTILE LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2011-12 was a challenging year for the Indian economy. The economy experienced a sharp decline in GDP rate from 6.9% in 2011-12 to 5.50% in 2012-13. The tightened liquidity also affected the functioning of Capital markets.

However, despite such deceleration, your Company continued to focus on its operations and emerged stronger.

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 290,471 compared to Rs 351,988 in the previous year. The Interest income during the year was Rs 628,548 as against Rs 428,620 in the corresponding previous period. The Company earned a profit of Rs 2,805,295 on disposal of Investments compared to Rs 616,958 in the previous year. The trading activities of the Company resulted in a loss of Rs 2,757,957 during the year as compared to a profit of Rs 362,231 during the previous year.

The profit after tax during the current period was Rs 23,594 compared to Rs 420,671 during the preceding previous year.

ADARSH MERCANTILE LIMITED

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, 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 May, 2012, 30th July 2012, 7th November 2012 and 21st January 2013

- 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, 2013):

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. P Narayanan	NED (I)	4	Present	2	-	3
Mr. Gautam Agarwala	NED (I)	4	Present	-	-	-
Mrs. Suchita Chhawchharia (*)	NED	Nil	-	-	-	-
Mrs. Ekta Dhanania (*)	NED (I)	4	Present	-	-	-

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

ADARSH MERCANTILE LIMITED

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.
- (*) Mrs. Ekta Dhanania has resigned as a Director with effect from 24th June 2013 and Mrs. Suchita Chhawchharia has been appointed on that date as an Additional Director
- Details of Directors seeking re-appointment at the ensuing Annual General Meeting fixed on 23.09.2013 are given below :

Name of Director	Mrs. Suchita Chhawchharia
Date of Appointment /Re-Appointment	24.06.2013
Expertise in specific functional areas	Senior Executive having experience in financial matters and advises on compliance with various laws.
List of other Directorship held	None

3. Audit Committee

The Board of the Company has constituted a Qualified and Independent Audit Committee comprising of two Non-Executive Independent Directors viz. Mr. Gautam Agarwala and Mr. P. Narayanan and one Non-Executive Director viz. Mrs. Suchita 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 May 2012, 30th July 2012, 7th November 2012 & 21st January 2013 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. P. Narayanan	4
Mrs. Ekta Dhanania (since resigned)	4

All the above members of the Audit Committee were present at the Annual General Meeting of the Company held on 15th September 2012.

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, Mrs. Suchita Chhawchharia and Mr. P Narayanan.

ADARSH MERCANTILE LIMITED

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 30th July 2012 and 21st January 2013.

5. General Body Meetings

Nature of the General Meeting	Date and time of AGM	Venue	If Special Resolution(s) Passed
Annual General Meeting	01.09.2010	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No
Annual General Meeting	16.08.2011	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata -- 700 027	No
Annual General Meeting	15.09.2012	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

- a) Remuneration Committee was constituted on 24th March, 2008 comprising of two independent directors, viz., Sri Gautam Agarwala and Sri P Narayanan and one Non-Independent Director viz. Mrs. Suchita Chhawchharia
- b) Remuneration of employees largely consists of fixed pay i.e basic pay, allowances etc.
- c) No remuneration has been paid to the Non-Executive Directors.
- d) No remuneration was paid to the Executive Directors during the year 2012-2013

Note: No Commission has been paid to any Director.

- (2) • 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. 25 of the Financial Statements.
- (3) • 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.

7. Code of Conduct

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

8. Means of Communication

- The Company is in the process of developing a 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.

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9. The details of equity shares/convertible instruments held by Non-Executive Directors of the Company as on 31st March 2013 are as follows:

Name of Director	No. of equity shares held	No. of convertible instruments held
Gautam Agarwala	Nil	Nil
Pothera Narayanan	35,000	Nil
Suchita Chhawchharia	Nil	Nil

10. General Shareholder Information

- AGM Date, Time and Venue

23rd September 2013 at 11.00 A.M. at 8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027
- Financial Calendar for Financial Year 2012-2013

1st April to 31st March.
- First Quarterly Results

Before 15th day of August 2013
- Second Quarterly Results

Before 15th day of November 2013
- Third Quarterly Results

Before 15th day of February 2014
- Audited Yearly Results for the year ended 31st March, 2013

Before end of May 2014
- Date of Book Closure

16th September 2013 to 23rd September 2013 (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, 2012 to 31st March, 2013.
- Stock Code - Physical

The Uttar Pradesh Stock Exchange Association Limited : 03053
- Demat ISIN Number for NSDL & CDSL

INE 673E01018
- Corporate Identification Number

L51109WB1992PLC055082
- 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, 2012 to 31st March, 2013 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 authorized 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, 2013.

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, 2013:

Category	No. of shares	%
FII, NRIs and OCBs	Nil	Nil
Mutual Funds	Nil	Nil
Domestic Companies	2,758,605	75.06
Resident Individuals	916,395	24.94
Total	3,675,000	100.00

- Dematerialisation of Shares and Liquidity As on 31st March, 2013, 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

Sub: CEO/CFO Certificate with reference to Corporate Governance Norms pertaining to Financial Year 2012-13

Dear Sirs,

We hereby certify that –

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2013 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 2012-13 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

(P Narayanan)
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, 2013**. 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 4 (four) times on 30th May, 2012, 30th July 2012, 7th November 2012 and 21st January 2013 during the year 2012-2013 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 10th September 2012 to 15th September 2012.
6. The annual general meeting for the financial year ended on 31st March 2012 was held on 15th September 2012 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 2013.
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 2013.
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: 31-07-2013

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, 2013.

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 15-09-2012	04-10-2012	Yes	NA
2.	23AC/ACA (XBRL)	220	For the financial year 2011-12	08-01-2013	Yes	NA
3.	66	383A	For the financial year 2011-12	18-09-2012	Yes	NA

INDEPENDENT AUDITORS' REPORT

To the Members of
ADARSH MERCANTILE LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of ADARSH MERCANTILE LIMITED ('the Company'), which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We have relied upon the management's representation relating to the disclosures in the financial statements regarding (a) segment reporting (Note 22); (b) related party disclosures (Note 23) and (c) dues to Micro, Small & Medium Enterprises (Note 26).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion, and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act 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, 2013;
- (b) in the case of the Statement of Profit & Loss, 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.

5. Report on Other Legal and Regulatory Requirements

5.1 As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

5.2 As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Act;
- (v) On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Act;

For Ray & Co.
Firm Registration No.: 313124E
Chartered Accountants

Kolkata
May 25, 2013

Subrata Roy
Partner
Membership No. 051205

Annexure to Auditors' Report

Referred to in paragraph 5 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) According to the information and explanations given to us, the Company has neither granted nor taken any loan secured or unsecured to/from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (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 2013 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	2008-2009	44,600	Assistant Commissioner of Income tax

- (x) The Company does not have accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit. The Company did not incur any cash losses in 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.

ADARSH MERCANTILE LIMITED

- (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.

For Ray & Co.
Firm Registration No.: 313124E
Chartered Accountants

Kolkata
May 25, 2013

Subrata Roy
Partner
Membership No. 051205

Balance Sheet as at 31st March, 2013

	Note	As at 31st March, 2013		As at 31st March, 2012	
<u>EQUITY & LIABILITIES</u>					
Shareholders' Funds					
(a) Share Capital	2	36,750,000		36,750,000	
(b) Reserves & Surplus	3	<u>18,743,096</u>	55,493,096	<u>18,719,503</u>	55,469,503
Current Liabilities					
(a) Short-term Borrowings	4	8,500,000		12,175,000	
(b) Trade Payables	5	6,763,640		130	
(c) Other Current Liabilities	6	360,538		265,574	
(d) Short-term Provisions	7	<u>50,000</u>	15,674,178	<u>50,000</u>	12,490,703
TOTAL			<u>71,167,274</u>		<u>67,960,206</u>
<u>ASSETS</u>					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	8	3,271,075		3,271,618	
(b) Non-Current Investments	9	<u>21,273,199</u>	24,544,274	<u>26,621,323</u>	29,892,941
Current Assets					
(a) Current Investments	10	21,120,944		22,524,448	
(b) Inventories	11	1,852,743		8,690,642	
(c) Trade Receivables	12	7,077,600		-	
(d) Cash and Cash equivalents	13	103,716		1,016,323	
(e) Short-term Loans and Advances	14	16,467,997		5,635,852	
(f) Other Current Assets	15	<u>-</u>	46,623,000	<u>200,000</u>	38,067,265
TOTAL			<u>71,167,274</u>		<u>67,960,206</u>
Significant Accounting Policies	1				

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

For Ray & Co.
Firm Registration No. 313124E
Chartered Accountants

P Narayanan

} Directors

Subrata Roy
Partner
M. No. 051205

Gautam Agarwala

Kolkata
May 25, 2013

ADARSH MERCANTILE LIMITED

Statement of Profit and Loss for the year ended 31st March 2013

	Note	<u>Year ended 31st March, 2013</u>	<u>Year ended 31st March, 2012</u>
I. Revenue from operations			
Sale of Products	16	9,208,960	37,437,729
II. Other Income	17	3,838,867	1,402,378
III. Total Revenue (I + II)		13,047,827	38,840,107
IV. Expenses:			
(a) Purchases of stock-in-trade	18	10,929,018	29,238,205
(b) Changes in Inventories of Stock-in-trade	19	1,037,899	8,561,756
(c) Employee Benefits Expense	20	120,000	74,200
(d) Finance costs	21	820,116	250,539
(e) Depreciation and amortization expense	8	543	631
(f) Other expenses	22	116,658	193,990
Total expenses		13,024,234	38,319,321
V. Profit before Exceptional and Extraordinary Items and Tax (III - IV)		23,594	520,786
VI. Exceptional Items		-	30,000
VII. Profit before Tax (V - VI)		23,594	490,786
VIII. Tax Expenses			
(a) Current Tax		-	70,115
IX. Profit/(Loss) for the Period (VII - VIII)		23,594	420,671
X. Earning per Equity Share (nominal value of share Rs.10)			
(a) Basic		0.01	0.11
(b) Diluted		0.01	0.11

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For Ray & Co.
Firm Registration No. 313124E
Chartered Accountants

<u>P Narayanan</u>	}	Directors
<u>Gautam Agarwala</u>		

Subrata Roy
Partner
M. No. 051205

Kolkata
May 25, 2013

ADARSH MERCANTILE LIMITED

Cash Flow Statement for the year ended 31st March 2013

	31st March, 2013	31st March, 2012
Cash flow from operating activities		
Profit before tax	23,594	490,786
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	543	631
Adjustment for carrying amount of Current Investments	(114,132)	114,132
Exceptional items	-	30,000
Loss/(profit) on sale of Investments	(2,805,295)	(616,958)
Interest & Dividend Income	(919,019)	(780,608)
Interest expense	820,116	250,539
Operating profit before working capital changes	<u>(2,994,193)</u>	<u>(511,477)</u>
Movements in working capital :		
Increase/(decrease) in short-term provisions	-	(70,000)
Increase/(decrease) in other trade payables	6,763,511	-
Increase/(decrease) in other current liabilities	94,965	256,327
Decrease/(increase) in trade receivables	(7,077,600)	23,509
Decrease/(increase) in inventories	6,837,899	8,561,756
Decrease/(increase) in short-term loans and advances	(10,759,090)	6,458,437
Decrease/(Increase) in other current assets	200,000	(200,000)
Cash generated from / (used in) operations	<u>(6,934,509)</u>	<u>14,518,551</u>
Direct taxes paid/Adjusted (net of refunds)	<u>(73,055)</u>	<u>62,949</u>
Net Cash flow from / (used in) operating activities (A)	<u>(7,007,564)</u>	<u>14,581,500</u>
Cash flow from investing activities		
Proceeds from sale/ (purchase) of current investments (Net)	6,865,760	(27,017,995)
(Loss)/Profit on sale of Investments	2,805,295	616,958
Interest & Dividend Income	919,019	780,608
Net Cash flow from / (used in) investing activities (B)	<u>10,590,073</u>	<u>(25,620,429)</u>
Cash flow from financing activities		
Proceeds from short-term borrowings	(3,675,000)	12,175,000
Interest paid	(820,116)	(250,539)
Net Cash flow from / (used in) financing activities (C)	<u>(4,495,116)</u>	<u>11,924,461</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(912,607)	885,532
Cash and cash equivalents at the beginning of the year	1,016,323	130,791
Cash and cash equivalents at the end of the year	<u>103,716</u>	<u>1,016,323</u>
Components of cash and cash equivalents		
Balances with Banks in Current Account	62,953	1,011,671
Cash on hand	40,763	4,652
Total cash and cash equivalents	<u>103,716</u>	<u>1,016,323</u>

As per our report of even date

For Ray & Co.
Firm Registration No. 313124E
Chartered Accountants

Subrata Roy
Partner
M. No. 051205

Kolkata
May 25, 2013

For and on behalf of the Board

P Narayanan

Gautam Agarwala

} Directors

Notes to the financial statements for the year ended 31st March, 2013**1. Significant Accounting Policies****1.1 Basis of Preparation of Financial Statements**

The Financial Statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956. Accounting policies not referred to otherwise are consistent and are in consonance with the generally accepted accounting principles in India.

1.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

1.3 Fixed Assets & Depreciation

- (i) Fixed assets are stated at cost of acquisition and subsequent improvements thereto; less accumulated depreciation, and impairment loss, if any.
- (ii) Depreciation is provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

1.4 Impairment of Assets

The carrying amounts of the assets are reviewed at each balance sheet date. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged when the asset is identified as impaired.

1.5 Investments

Long-term Investments are carried at acquisition cost. Investments intended to be held for less than one year are classified as 'Current Investments' and carried at lower of cost and net realizable value. Provision for diminution in value is made if the decline in value is other than temporary in nature in the opinion of the management.

1.6 Inventories

Inventories of shares and securities are valued at lower of cost and net realizable value.

1.7 Employee Retirement Benefits

- (i) Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.
- (ii) Post employment and other long term employee benefits are charged off in the period in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

1.8 Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

1.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. Share Capital**a) Capital Structure**

	<u>31 March, 2013</u>	<u>31 March, 2012</u>
	Rs	Rs
Authorised		
4,000,000 Equity Shares of Rs. 10/- each	40,000,000	40,000,000
(Previous year - 4,000,000 Equity Shares of Rs. 10/- each)	<u>40,000,000</u>	<u>40,000,000</u>

Notes to the financial statements for the year ended 31st March, 2013

	31 March, 2013	31 March, 2012
	Rs	Rs
Issued, Subscribed and Fully Paid Up		
3,675,000 Equity Shares of Rs. 10/- each (*)	36,750,000	36,750,000
(Previous year - 3,675,000 Equity Shares of Rs. 10/- each)		
	<u>36,750,000</u>	<u>36,750,000</u>

(*) Includes 2,625,000 equity shares of Rs 10/- each allotted without payment being received in cash in pursuance of a scheme of arrangement approved by the Hon'ble High Court at Kolkata vide order dated 15.02.2007.

The Company has only one class of shares referred to as Equity Shares having a par value of Rs. 10. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive in proportion to their shareholding the remaining assets of the Company, after distribution of the preferential amount.

b) Share Capital Reconciliation

Equity Shares

	31 March 2013		31 March 2012	
	Nos.	Amount	Nos.	Amount
Opening balance	3,675,000	36,750,000	3,675,000	36,750,000
Issued during the period	-	-	-	-
Closing Balance	<u>3,675,000</u>	<u>36,750,000</u>	<u>3,675,000</u>	<u>36,750,000</u>

c) Particulars of Equity Shareholders holding more than 5% Shares at Balance Sheet date

	31 March 2013		31 March 2012	
	No. of shares	% holding	No. of shares	% holding
Avon Credit Private Limited	1,325,380	36.06%	1,325,380	36.06%
Gallon Holdings Private Limited	865,725	23.56%	865,725	23.56%
Winy Commercial & Fiscal Services Limited	495,000	13.47%	495,000	13.47%

3. Reserves & Surplus

General Reserve

Balance b/f	245,000	245,000
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General Reserve on Amalgamation

Balance b/f	10,276,423	10,276,423
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Surplus/(Deficit) in the Statement of Profit & Loss

Opening balance	8,198,080	7,777,409
Profit/(Loss) for the year	23,594	420,671
Net Surplus/(Deficit) at the end of the year	<u>8,221,673</u>	<u>8,198,080</u>

Total Reserves & Surplus

<u>18,743,096</u>	<u>18,719,503</u>
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4. Short-term Borrowings

Loans repayable on demand - from other parties (unsecured)	8,500,000	12,175,000
	<u>8,500,000</u>	<u>12,175,000</u>

5. Trade Payables

Trade Payables	6,763,640	130
	<u>6,763,640</u>	<u>130</u>

6. Other Current Liabilities

Interest accrued and due on borrowings	309,822	224,353
Other payables		
Statutory Dues Payable	34,424	24,929
Others (year end accrual for expenses)	16,292	16,292
	<u>360,538</u>	<u>265,574</u>

7. Short-term Provisions

Other Provisions - for Income Tax	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

ADARSH MERCANTILE LIMITED

8. FIXED ASSETS

Description	Gross Block			Accumulated depreciation/ amortisation			Net book value		
	As at 31 March, 2012	Additions	Sales / Adjustment	As at 31 March, 2013	Upto 31 March, 2012	For the Adjustment Period	Upto 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
Tangible Assets									
Land - Freehold	3,267,715	-	-	3,267,715	-	-	-	3,267,715	3,267,715
Office Equipments	14,000	-	-	14,000	10,097	543	10,640	3,360	3,903
Total	3,281,715	-	-	3,281,715	10,097	543	10,640	3,271,075	3,271,618
Previous Year's figures	3,281,715	-	-	3,281,715	9,466	631	10,097	3,271,618	-

Notes to the financial statements for the year ended 31st March, 2013

	31 March 2013		31 March 2012	
	Qty.	Amount (Rs)	Qty.	Amount (Rs)
9. Non-Current Investments				
(fully paid-up; FV Rs 10 each, unless otherwise stated)				
Other Investments				
(a) Investments in Equity Instruments				
Quoted				
Andhra Petrochemicals Ltd.	11,000	265,311	11,000	265,311
Ansal Properties & Infrastructure Ltd. (FV Rs 5)	400	147,324	400	147,324
Ashiana Housing Ltd.	5,925	796,538	25,925	2,837,693
Bharti Airtel Ltd. (FV Rs 5)	200	78,805	200	78,805
Coal India Ltd.	480	166,907	30	7,350
Dhunseri Investments Ltd.	3,772	273,262	3,772	273,262
Dhunseri Petrochem & Tea Ltd.	4,311	527,168	4,311	527,168
Eclerx Services Ltd.	50	31,010	300	133,666
Electrosteel Steels Ltd.	318,743	3,021,670	400,000	4,000,000
Gateway Distriparks Ltd.	1,500	198,330	-	-
GMR Infrastructure Ltd.	2,750	241,536	2,750	241,536
Gujarat Ambuja Exports Ltd. (FV Rs 2)	17,481	592,380	17,464	592,026
HDFC Bank Ltd.	100	62,443	-	-
Hindustan Construction Company Ltd. (FV Rs 1)	4,100	230,704	3,250	215,349
IFGL Refractories Ltd.	18,983	627,752	154,124	7,928,193
Intrasoft Technologies Ltd.	15,358	1,398,949	15,358	1,398,949
ITC Ltd. (FV Rs 1)	3,500	766,473	5,950	820,536
IVRCL Infrastructure & Projects Ltd. (FV Rs 2)	-	-	2,250	77,890
Jai Balaji Industries Ltd.	1,000	187,905	1,000	187,905
Jindal South West Holdings Ltd.	50	137,151	50	137,151
Larsen & Toubro Ltd. (FV Rs 2)	125	146,930	115	133,214
Nagarjuna Construction Ltd.	2,750	136,748	-	-
National Organic Chemical Industries Ltd.	15,000	238,331	15,000	238,331
Padmini Technologies Ltd.	13,000	80,600	13,000	80,600
Punj Lloyd Ltd. (FV Rs 2)	130	12,335	130	12,335
Reliance Industrial Infrastructure Ltd.	500	316,091	500	316,091
Saint Gobain Sekurit India Ltd.	-	-	5,000	202,473
Sancia Global Infraprojects Ltd.	500	112,473	500	112,473
S Kumars.Com Ltd.	40,100	52,130	40,100	52,130
State Bank of India Ltd.	100	210,508	-	-
Suzlon Energy Ltd. (FV Rs 2)	300	67,669	300	67,669
Techno Electric & Engineering Co. Ltd. (FV Rs 2)	1,620	357,327	1,620	357,327
Tulip Telecom Ltd. (FV Rs 2)	300	18,573	300	18,573
United Breweries Ltd. (FV Rs 1)	1,550	846,011	3,200	1,546,896
Winy Commercial & Fiscal Services Ltd.	280,000	800,000	280,000	800,000
WPIL Ltd.	600	241,778	-	-
		13,389,120		23,808,226
Unquoted				
Avon Credit Pvt. Ltd.	15,290	314,500	15,290	314,500
BCCO Holdings Pvt. Ltd.	20,000	1,000,000	20,000	1,000,000
Bliss Tie-up Pvt. Ltd.	7,250	362,500	-	-
Gallon Holdings Pvt. Ltd.	-	-	225,000	362,500
Hermestar of India Ltd.	25	2,500	25	2,500
Hind Products Pvt. Ltd.	599	5,990	599	5,990
Lucky Trading Co. Ltd.	4,500	45,000	4,500	45,000
S G Wires Pvt. Ltd.	300,000	255,000	300,000	255,000
		1,985,490		1,985,490
(b) Investments in Mutual Funds (Unquoted)				
HDFC Equity Fund - Dividend	7,684.597	326,876	7,684.597	326,876
ICICI Prudential Focussed Blue Chip Fund (Growth)	5,662.860	105,000	-	-
IDFC Dynamic Bond Fund Plan A (Growth)	114,270.565	2,500,000	-	-
IDFC Premier Equity Fund Plan A - (Dividend)	4,650.001	120,000	4,650.001	120,000
Reliance Dynamic Bond Fund (Growth)	170,995.123	2,500,000	-	-
Reliance Quarterly Interval Fund Series II (Growth)	27,888.789	346,713	27,888.789	346,713
		5,898,589		793,589

Notes to the financial statements for the year ended 31st March, 2013

	31 March 2013		31 March 2012	
	Qty.	Amount (Rs)	Qty.	Amount (Rs)
(c) Other Investments - Exchange Traded Funds (Quoted)				
Reliance Gold Exchange Traded Fund	-	-	20	34,018
				<u>34,018</u>
Aggregate Amount of				
Quoted Investments		13,389,120		23,842,244
Unquoted Investments		7,884,079		2,779,079
		<u>21,273,199</u>		<u>26,621,323</u>
Market Value of Quoted Investments		13,765,159		24,215,916
Repurchase price of Units of Mutual Fund		6,329,290		816,823

10. Current Investments

(fully paid-up; FV Rs 10 each, unless otherwise stated)

(a) Investments in Equity Instruments (Quoted)

Winsome Textiles Ltd.	-	-	6,574	563,464
				<u>563,464</u>

(b) Investments in Mutual Funds (Unquoted)

Birla Sunlife Dynamic Bond Fund	167,993.015	3,000,000	84,613.823	1,500,000
HDFC FMP 92D JAN 2012(3)-GR-SR XIX	-	-	500,000.000	5,000,000
ICICI Prudential Flexible Income Plan (Growth)	3,454.865	736,575	-	-
IDFC Money Manager Fund - Investment Plan (Growth)	-	-	325,809.715	5,250,000
Kotak Bond - Short Term (Growth)	227,302.930	4,325,115	227,302.930	4,325,115
Kotak QIP Series 4 (Growth)	-	-	326,037.342	4,500,000
Reliance Fixed Horizon Fund - XXI - Series 3 (Growth)	-	-	150,000.000	1,500,000
Reliance Money Manager Fund (Growth) - FV Rs 1000	8,204.538	13,059,254	-	-
		<u>21,120,944</u>		<u>22,075,115</u>

Aggregate Amount of				
Quoted Investments		-		563,464
Unquoted Investments		21,120,944		22,075,115
		<u>21,120,944</u>		<u>22,638,580</u>
Less: Adjustment for carrying amount of Current Investments		-		114,131
		<u>21,120,944</u>		<u>22,524,448</u>

31 March, 2013	31 March, 2012
Rs	Rs

11. Inventories

Stock-in-trade		
Shares & Securities	1,852,743	8,690,642
	<u>1,852,743</u>	<u>8,690,642</u>

12. Trade Receivables

Unsecured, considered good		
Due for less than six months	7,077,600	-
	<u>7,077,600</u>	<u>-</u>

13. Cash and Cash Equivalents

Balances with Banks		
In Current Accounts	62,953	1,011,671
Cash on hand	40,763	4,652
	<u>103,716</u>	<u>1,016,323</u>

Notes to the financial statements for the year ended 31st March, 2013

	31 March, 2013	31 March, 2012
	Rs	Rs
14. Short-term Loans and Advances (Unsecured, considered good)		
Loans & Advances given to other parties	16,259,090	5,500,000
Income Tax Advances	208,907	135,852
	<u>16,467,997</u>	<u>5,635,852</u>
15. Other Current Assets		
Application money - Mutual Fund	-	200,000
	<u>-</u>	<u>200,000</u>
16. Revenue from Operations		
Sale of Products		
Shares & Securities	2,131,360	37,437,729
Fabric	7,077,600	-
	<u>9,208,960</u>	<u>37,437,729</u>
17. Other Income		
Interest Income	628,548	428,620
Dividend Income from long-term investments	263,898	264,153
Dividend Income from current investments	-	59,036
Dividend Income (trade)	26,573	28,798
Net gain/(loss) on sale of long-term Investments	1,248,157	426,655
Net gain/(loss) on sale of current Investments	1,557,138	190,303
Others - Speculation profit	422	4,813
Adjustment for carrying amount of Current Investments	114,132	-
	<u>3,838,867</u>	<u>1,402,378</u>
18. Purchases of stock-in-trade		
Purchases		
Shares & Securities	4,165,718	29,238,205
Fabric	6,763,300	-
	<u>10,929,018</u>	<u>29,238,205</u>
19. Changes in Inventory of Stock-in-trade		
<u>Inventories at the beginning of the year</u>		
Shares & Securities	8,690,641	17,252,397
Less: Transfer to Investments	5,800,000	-
	<u>2,890,641</u>	<u>17,252,357</u>
<u>Inventories at the end of the year</u>		
Shares & Securities	1,852,743	8,690,641
	<u>1,037,899</u>	<u>8,561,756</u>
20. Employee Benefits Expense		
Salaries, Bonus & Allowances	120,000	74,200
	<u>120,000</u>	<u>74,200</u>
21. Finance Costs		
Interest expense	820,116	250,539
	<u>820,116</u>	<u>250,539</u>

ADARSH MERCANTILE LIMITED

Notes to the financial statements for the year ended 31st March, 2013

	31 March, 2013	31 March, 2012
	Rs	Rs
22. Other expenses		
Advertisement expenses	11,870	10,400
<u>Auditors' Remuneration</u>		
Audit Fees	13,483	13,483
Tax Audit	2,809	2,809
Other Services	-	4,412
Listing expenses	30,604	20,782
Miscellaneous expenses	29,157	3,795
Adjustment for carrying amount of Current Investments	-	114,132
Rates & Taxes	28,735	24,177
	<u>116,658</u>	<u>193,990</u>

23. Contingent liabilities	31 March, 2013	31 March, 2012
Contingent Liability in respect of contested demand of AY'2008-09	44,600	44,600

24. Segment Reporting

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

25. Related Party Disclosures

As per Accounting Standard 18 'Related Party Disclosures' issued by ICAI, the disclosure of transactions with related parties are given

(i) Names of the related parties and description of relationship

Associates

Avon Credit Private Limited

(ii) Transactions with related parties during the period

<u>Sl. No.</u>	<u>Name of the Related Party</u>	<u>31 March, 2013</u>	<u>31 March, 2012</u>
1	Avon Credit Private Limited		
	<u>Closing Balance:</u>		
	Year end Investments	314,500	314,500

26. Earning per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March, 2013	31 March, 2012
Net Profit / (Loss) attributable to equity shareholders	23,594	420,671
Weighted average number of equity shares in calculating EPS	3,675,000	3,675,000
Nominal value of Equity Shares	10	19
Basic & Diluted EPS	0.01	0.11

27. Accounting for Taxes on Income

As availability of future taxable income is not certain, on consideration of prudence, provision for deferred tax assets is not made in term

28. Details of dues to micro and small enterprises as defined under the MSMED Act,2006

The Company has circulated confirmation for the identification of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. On the basis of information available with the Company under the aforesaid Act, there are no Enterprises to whom the Company owes dues which are outstanding at year end. This has been relied upon by the Auditors.

Notes to the financial statements for the year ended 31st March, 2013

29. There is no employee eligible for gratuity and as such no provision made.

30. Previous year figures have been reclassified wherever appropriate to confirm to current year's presentation.

As per our report of even date

For and on behalf of the Board

For Ray & Co.
Firm Registration No. 313124E
Chartered Accountants

Subrata Roy
Partner
M. No. 051205

Kolkata
May 25, 2013

P Narayanan }
Gautam Agarwala } Directors