



**MERCANTILE VENTURES LIMITED**  
(Formerly known as MCC FINANCE LIMITED)

Registered Office: New No: 73, Old No: 36-40, Armenian Street, Chennai-600 001

**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the Twelfth Annual General Meeting of **MERCANTILE VENTURES LIMITED** will be held on Monday the 30<sup>th</sup> September 2013 at 3 PM at Rajah Annamalai Mandram, 5, Esplanade Road (Near High Court), Chennai-600 108 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2013, Profit and Loss Account and the Cash Flow Statement for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr E N Rangaswami, who retires at this meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors:

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

**“RESOLVED THAT** the retiring Auditors of the Company, M/s. DPV & Associates, Chennai being eligible for reappointment, be and are hereby re-appointed as Auditors of the Company, to hold office till the conclusion of the next Annual General Meeting, on such terms and conditions as to remuneration, out-of-pocket expenses etc., as may be fixed by the Board of Directors of the Company.”

**SPECIAL BUSINESS**

4. To Consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.  
**“RESOLVED THAT** pursuant to Section 257 of the Companies Act, 1956 and the Articles of Association of the Company, Mr.M Rajamani be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
5. To Consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.  
**“RESOLVED THAT** pursuant to Section 257 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S Kumar be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
6. To Consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.  
**“RESOLVED THAT** pursuant to Section 257 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. AL Chandramouli be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board  
For **MERCANTILE VENTURES LIMITED**

**E N RANGASWAMI**  
Whole-time Director

Place : Chennai  
Date : 8<sup>th</sup> August 2013

**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. A blank form of proxy is enclosed, which, if used, should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and the Transfer Books will remain closed from 23<sup>rd</sup> September 2013 to 30<sup>th</sup> September 2013 both days inclusive.
3. All the shareholders are requested to convert the physical shares to demat and to effect change of address, if any.
4. Members are requested to bring their copies of Annual Report.
5. The related Explanatory statement pursuant to sec 173(2) of the companies Act 1956, in respect of item Nos 4 to 6 is annexed hereto.

## ANNEXURE TO NOTICE

Explanatory Statement required in pursuance of section 173(2) of the Companies Act 1956.

### ITEM No. 4

Mr.M.Rajamani was appointed as a director of the Company with effect from 15<sup>th</sup> November 2012, pursuant to the Scheme of Arrangement approved by the Hon'ble High Court, Madras and he holds office till the ensuing Annual General Meeting. A notice u/s 257 has been received from a member signifying his intention to propose the candidature of Mr. M Rajamani for appointment of director in this behalf. Brief profile of the director is given below:

Mr. M Rajamani, aged about 68 years, holds a Bachelor degree in Chemical Engineering and a Post Graduate Diploma from IIT Madras. He is also a fellow member of National Institute of Personnel Management. He has 4 decades of valuable experience in Fertilizers, Chemicals and Engineering Industries. He is also well experienced in Project Implementation, Materials Management, Operation Management, Human Resource Management and Financial Management.

#### Other Directorships held

South India House Estates & Properties Limited	- Director
Trinity Auto Points Limited	- Managing Director
Corn Industries and General Enterprises Limited	- Director
Golden Star Assets Consultatants Private Limited	- Director
Renowned Engineers Private Limited	- Whole-time Director
Twinsheid Consultants Private Limited	- Director
MAC Clothing Limited	- Director

**Other Committee Membership held** - Nil

None of the Directors other than Mr. M. Rajamani is interested in this resolution

The Board accordingly recommends the resolution as set out in Item No.4 of the Notice for approval of the members as an ordinary resolution.

### ITEM No. 5

Mr.S.Kumar was appointed as a director of the Company with effect from 15<sup>th</sup> November 2012, pursuant to the Scheme of Arrangement approved by the Hon'ble High Court, Madras and he holds office till the ensuing Annual General Meeting. A notice u/s 257 has been received from a member signifying his intention to propose the candidature of Mr.S.Kumar for appointment of director in this behalf .Brief profile of the director is given below:

Mr. S. Kumar aged about 60 years, holds a Bachelor degree in Chemical Engineering from A.C. College of Technology, Chennai. He also hold a Post Graduate Diploma in Materials Management from IIT Madras. He has 34 years of rich experience in Process Chemical, Material Management and Engineering industries.

#### Other Directorships held

Automobile Products of India Limited	- Director
Trinity Auto Points Limited	- Director
Gold Nest Trading Company Limited	- Director

#### Other Committee Membership held

Automobile Products of India Limited	- Member of Shareholders Grievance Committee
Trinity Auto Points Limited	- Member of Audit Committee

None of the Directors other than Mr.S. Kumar is interested in this resolution

The Board accordingly recommends the resolution as set out in Item No.5 of the Notice for approval of the members as an ordinary resolution.

**ITEM No. 6**

Mr.AL Chandramouli was appointed as a director of the Company with effect from 15<sup>th</sup> November 2012, pursuant to the Scheme of Arrangement approved by the Hon'ble High Court, Madras and he holds office till the ensuing Annual General Meeting. A notice u/s 257 has been received from a member signifying his intention to propose the candidature of Mr.AL Chandramouli for appointment of director in this behalf. Brief profile of the director is given below:

Mr.AL Chandramouli, aged about 67 years, holds Master degree in Geology. He has 40 years of rich experience in Planning, Risk Mangement, Credit, Estate Department, Human Resources, Forex trading , Public issues and many other important areas of Banking Sector. He has headed the International division of a bank. He has also served in many important committees of Indian Banks Association.

**Other Directorships held**

Aishwaryam Corporate Services Private Limited-Director

**Other Committee Membership held** - Nil

None of the Directors other than Mr.AL Chandramouli is interested in this resolution

The Board accordingly recommends the resolution as set out in Item No.6 of the Notice for approval of the members as an ordinary resolution.

By Order of the Board  
For **MERCANTILE VENTURES LIMITED**

Place : Chennai  
Date : 8<sup>th</sup> August 2013

**E N RANGASWAMI**  
Whole-time Director



## DIRECTORS REPORT AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

Your Directors are pleased to present the Annual Report and the Audited Accounts of the Company for the period ended 31<sup>st</sup> March 2013.

### Revival of the Company

The shareholders are aware that the company was carrying on the business of leasing, Merchant Banking and Non Banking Financial Companies (NBFCs) activities such as accepting deposits from public, hire purchase against vehicles, machinery financial lease of assets, lease of properties, etc. In January 1998, in view of the revised guidelines from RBI requiring mandatory credit rating of NBFCs and new conditions imposed for accepting new deposits, many NBFCs could not attain the required credit rating. The borrowers of NBFCs taking advantage of the situation either failed or delayed repayments resulting in NBFCs defaulting repayment of the deposits. These events led to the event of filing of petition against the company and the company was ordered to be wound up by Order dated 3<sup>rd</sup> August 2001 of the Hon'ble High Court of Madras.

Even after the winding up order was passed, the promoters of the company had taken efforts to settle the deposit holders, bond holders, hundi holders and other secured creditors/unsecured creditors.

Mr AL Vadivelu, ex-Chairman of the company, submitted a Scheme of Arrangement between the company and the creditors u/s 391 – 394 of the Companies Act, 1956 to the Hon'ble High Court of Madras with a view to revive the company. The Hon'ble High Court of Madras passed an Order dated 18<sup>th</sup> October 2012 approving the Scheme of Arrangement and permitting reconstitution of the Board of the company to take charge of administration, management of affairs and assets of the company. The Board was constituted on 15<sup>th</sup> November 2012 as per the Scheme and the company started functioning from 15<sup>th</sup> November 2012.

As per the Scheme of Arrangement as approved by the Hon'ble High Court of Madras, the company would confine its activities to do only fund based activities without seeking any deposits from public. The main business of the company would be lease of properties and merchant banking services.

### Issue of further shares:

As per the Scheme, Mr. AL Vadivelu or his nominees and the creditors of the Company or their nominees should be given the option to convert their outstanding to 3 year zero interest bonds for 40% of the amount outstanding or equity shares of Rs.10/- per share at a premium of Rs.15/- per share for the amount outstanding. Accordingly on 27<sup>th</sup> March 2013 at the Board Meeting, 8,16,68,000 Equity Shares of Rs.10/- at a premium of Rs.15/- per share aggregating to Rs.25/- per share were allotted and 22,48,000 Bonds of Rs.10/- each were issued. The company has obtained the approval from Madras Stock Exchange for listing the shares allotted on 27<sup>th</sup> March 2013.

The authorized share capital was increased by Rs.80 Crores for allotment of shares to the promoters and the creditors.

### Postal Ballot

The company had approached members through postal ballot process during the year for following matters;

1. For change of name from MCC Finance Limited to Mercantile Ventures Limited
2. To change the main objects of the company
3. For recommencement of business
4. For increase in Authorised Capital
5. For alteration of Memorandum of Association pursuant to increase in Authorised Capital.
6. For alteration of Articles of Association pursuant to Increase in Authorised Capital.
7. For alteration of Articles of Association pursuant to dematerialization of shares.
8. For allotment of shares.
9. To give Powers to Board u/s 293(1)(a) of the Companies Act, 1956.
10. To appoint whole time director u/s 198,269&309 of the Companies Act, 1956.
11. To maintain statutory Registers u/s 163 of the Companies Act 1956.
12. For the Appointment of Auditors.

The above Postal Ballot was conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2011. All the resolutions were declared as passed with requisite majority on 15<sup>th</sup> March 2013.

## PERFORMANCE OF THE COMPANY

### FINANCIAL RESULTS

Financial performance of the Company for the period ended 31st March 2013 is summarized below:

#### Financial Results

	(Rs. in lakhs)
<b>Description</b>	<b>2012-13</b>
Profit Before Interest & Depreciation	<b>(115.89)</b>
Depreciation	<b>5.48</b>
Profit Before Tax	<b>(121.37)</b>
Provision for Taxation (Deferred Tax)	<b>160.37</b>
Profit After Tax	<b>(281.74)</b>

### REVIEW OF OPERATIONS

The company has taken possession of its properties from the Official Liquidator. The company is in the process of making payments towards arrears of maintenance charges, municipal taxes, electricity charges, etc.

The company has also complied with all the statutory and other formalities which were essential for commencing the operations. These activities were completed only by end March 2013.

#### Future Outlook

The company has plans to construct residential units and industrial warehouses which will be leased out. The revenue from these operations is expected by the end of the next financial year.

### DIVIDEND

The Company has not declared any dividend for the year.

### DIRECTORS

The Board of Directors was reconstituted as per the Scheme of Arrangement and the following Directors were appointed in the Board Meeting held on 15<sup>th</sup> November 2012 and they hold office till the ensuing Annual General Meeting:-

- 1) Mr M Rajamani
- 2) Mr S Kumar
- 3) Mr AL Chandramouli

Requisite notice under Section 257 of the Companies Act, 1956 has been received from members proposing Mr.M.Rajamani, Mr.S.Kumar and Mr.AL.Chandramouli's appointment as directors.

Mr. E N Rangaswami was co-opted to the Board on 5<sup>th</sup> December 2012 and was designated as Whole-time Director of the company for a period of 3 years. Subsequently, his appointment was approved by the Shareholders through Postal Ballot

Mr. E N Rangaswami, Whole-time Director of the company retires by rotation at the ensuing Annual General Meeting of the company and being eligible offer himself for re-election.

### AUDITORS

DPV Associates, Chartered Accountants, statutory auditors of your Company who was appointed through postal ballot retire at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

### FIXED DEPOSITS

The Company has not invited or accepted any deposits during the year.

### CORPORATE GOVERNANCE

A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report. The requisite certificate from a Practising Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is attached to this Report.



## **DIRECTORS RESPONSIBILITY STATEMENT**

- 1) Pursuant to Section 217(2AA) of the Companies Act 1956, the Board of Directors report that :
  - a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
  - b) they have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2013 and of the profit & loss account of the Company for the period ended on that date.
  - c) they have 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 preventing and detecting fraud and other irregularities.
  - d) they have prepared the annual accounts on a going concern basis.

### **Particulars of Employees:**

Details prescribed under Section 217(2A) of the Companies Act read with Companies (Particulars of Employees) Rules, 1975 is not applicable as no employee of the company was in receipt of remuneration exceeding the limits prescribed therein.

### **Reply to Auditor's observations:**

The notes to the Financial statements have adequately addressed the Auditor's observations. The company has already initiated the process for review of the non current assets and provision for bad debts/write offs, if any, would be considered on completion of the review.

## **ACKNOWLEDGEMENT**

Your Directors express their grateful thanks for the assistance, co-operation and support extended to the Company by the Promoters and the shareholders for their continued support. The Directors also place on record their appreciation of the good work put in by the employees of the company.

For and on behalf of the Board

Place : Chennai  
Date : 8<sup>th</sup> August 2013

**M. Rajamani**  
Director

**E.N. Rangaswami**  
Whole-time Director

## REPORT ON CORPORATE GOVERNANCE (2012-13)

### 1. Company's Philosophy

Your Company strives to conduct business with sound Corporate Governance practices which reflect fairness, integrity, accountability and transparency in our dealings with stakeholders and regulatory authorities

The report covers the corporate governance aspects in your company relating to the period ended 31<sup>st</sup> March 2013.

### 2. Board of Directors

#### a) Composition and membership in other Boards

As on 31<sup>st</sup> March 2013, the board comprised of 4 Directors, as detailed below:

S. No	Name	Category	Membership in other Boards
1.	Mr.M.Rajamani	Non-Executive, Independent	4
2.	Mr.S.Kumar	Non-Executive, Independent	3
3.	Mr. AL. Chandramouli	Non-Executive, Independent	-
4.	Mr. E.N. Rangaswami	Executive, Non-independent	-

#### Notes:

Other Directorships exclude private Companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956 and alternate directorships.

#### b) Number of Board of Directors meetings and the dates on which held during the

##### Period ended 31<sup>st</sup> March, 2013

The Board of Directors met 6 times during the period ended 31<sup>st</sup> March 2013 viz., on 15<sup>th</sup> November 2012, 5<sup>th</sup> December 2012, 11<sup>th</sup> January 2013, 7<sup>th</sup> February 2013, 15<sup>th</sup> March 2013, and 27<sup>th</sup> March 2013.

Attendance of Directors at the Board of Directors Meetings held during 2012-13

Name	Period of office held during the period	No. of meetings held during the period of office	No. of meetings attended
Mr.M.Rajamani	15.11.2012 - 31.03.2013	6	6
Mr.S.Kumar	15.11.2012 - 31.03.2013	6	5
Mr. AL. Chandramouli	15.11.2012 - 31.03.2013	6	5
Mr. E.N. Rangaswami	05.12.2012 – 31.03.2013	5	4

#### Committees of Board of Directors

The Board has constituted various Committees to discuss, deal with the matters in detail and to monitor the activities falling within the terms of reference and discharge the roles and responsibilities as prescribed under Listing Agreement and/or the Companies Act, 1956 from time to time.

### 3. Audit Committee

#### Terms of reference

The role of the Audit Committee shall include the following:

1. Oversee the Company's financial reporting process and review its financial statements.
2. In addition to the normal overall review of the financial performance, Audit Committee will also recommend the quarterly results, appointment of auditors, recommendation of dividend, application of Accounting Standards, discussion on financial audit reports, etc.
3. Recommend the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and fixation of their fees.
4. Review of internal control and internal audit system.
5. Review of risk management policies and practices and also include the following:
  - a) To investigate any activity within its terms of reference.
  - b) To seek information from any employee, if needed.



- c) To obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise.

**Meetings held**

Audit Committee meeting was constituted and the first meeting was held on 27<sup>th</sup> March 2013

**Composition and Attendance:**

Name of Director	No. of meetings held during the period	No. of meetings attended
Mr. S. Kumar, Chairman	1	1
Mr.M.Rajamani, Member	1	1
Mr.E.N Rangaswami, Member	1	1

The composition of the Committee is in conformity with Clause 49 (II) (A) of the Listing Agreement.

Statutory Auditor and Internal Auditor are the invitees to the Audit committee meetings.

**4. Remuneration Committee**

**Terms of reference and composition**

The Remuneration committee shall recommend to the Board on matters relating to fixation and payment of remuneration to the Directors of the company.

The remuneration paid/payable to Mr E N Rangaswami, Whole-time Director (with effect from 5<sup>th</sup> December 2012) for the period ended 31<sup>st</sup> March 2013 is Rs.5.52 lakhs which includes salary and other allowances.

The remuneration paid/payable to Mr E N Rangaswami, Whole-time Director (with effect from 5<sup>th</sup> December 2012) as mentioned above has the approval of the Remuneration Committee, the Board and the Shareholders through postal ballot.

**Meetings held**

Remuneration Committee meeting was constituted and the first meeting was held on 5<sup>th</sup> December 2012.

**Composition and Attendance:**

Name of Director	No. of meetings held during the period	No. of meetings attended
Mr.M.Rajamani, Chairman	1	1
Mr. S. Kumar, Member	1	1
Mr.A.L Chandramouli, Member	1	1

**Details of remuneration paid**

- a) Sitting fees to Non-executive Directors:  
For the Period ended 31<sup>st</sup> March, 2013, with effect from 27<sup>th</sup> March 2013, sitting fee of Rs.5,000/- was paid to the non-executive Directors for attending the Board meeting.
- b) Remuneration paid/payable to Executive Director of the Company during the Period ended 31<sup>st</sup> March 2013, are as follows:

(Rs. in lakhs)			
Name	Salary & Special Allowances	Perquisites	Total
Mr.E N Rangaswami Whole Time Director (w.e.f 5 <sup>th</sup> December 2012)	4.15	1.37	5.52

**5. Shareholders / Investors Grievance Committee**

**Terms of reference**

The terms of reference to the Shareholders/Investors Grievance Committee are related to transfer, transmission, demat, remat, split/consolidation of shares and issue of duplicate share certificates, etc and also to oversee the redressal of investors' complaints.

During the period under report, three complaints were received from the shareholders (including complaints received from shareholders through SEBI and other statutory bodies). As on 31<sup>st</sup> March 2013, no documents were pending for transfer.

### Meetings held

Investors Grievance Committee Meeting was constituted and the first meeting was held on 27<sup>th</sup> March.2013.

### Composition and Attendance:

Name of Director	No. of meetings held during the period	No. of meetings attended
Mr.M.Rajamani, Chairman	1	1
Mr. S. Kumar, Member	1	1
Mr.E.N Rangaswami, Member	1	1

### 6. Disclosures

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors, the subsidiaries or relatives, etc. that may have potential conflict with interest of the Company at large:-

- There are no transactions with the related party viz. Promoters, Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.
- There are no pecuniary relationships or transactions with the Non-executive Directors of the Company except the payment of sitting fees made for attending the Board Meetings of the Company.
- The Company has complied with various rules and regulations prescribed by stock exchanges, SEBI or any other statutory authority relating to capital markets and no penalties or strictures have been imposed by them on the Company.

### 7. Communication with shareholders

As stipulated under Clause 41 of the Listing Agreement, the quarterly results will be published in English national newspaper, one Tamil newspaper within 48 hours of the conclusion of the Board Meeting at which the results are approved. The results will also be displayed in the website of the company viz. [www.merantileventures.com](http://www.merantileventures.com). The information stipulated in Clause 54 of the Listing Agreement will be made available in the website of the company.

### 8. General Shareholders information

#### a) Ensuing AGM

Date : 30th September 2013

Time : 3 PM

Venue : Rajah Annamalai Mandram,  
5, Esplanade Road, (Near High Court) Chennai- 600 108

#### b) Financial Calendar for 2013-14 (Tentative)

The financial year of the Company is April to March of every year and the tentative financial calendar for publication of quarterly/ annual results is as under.

1.	1 <sup>st</sup> quarter ending 30 <sup>th</sup> June 2013	Before 15 <sup>th</sup> August, 2013
2.	2 <sup>nd</sup> quarter ending 30 <sup>th</sup> September 2013	Before 15 <sup>th</sup> November, 2013
3.	3 <sup>rd</sup> quarter ending 31 <sup>st</sup> December 2013	Before 15 <sup>th</sup> February, 2014
4.	Last quarter & year ending 31 <sup>st</sup> March 2014	Within 60 days of end of the year.

c) **Book Closure Date:** 23<sup>rd</sup> September 2013 to 30<sup>th</sup> September 2013

d) **Dividend Payment Date:** Not Applicable

#### e) Registrar and Share Transfer Agents (RTA)

The Company has appointed M/s. Cameo Corporate Services Limited, as its Registrar and Share Transfer Agent both for electronic and physical transactions of the shares. The shareholders are therefore requested to send all documents, correspondences, queries, intimations on any matters relating to transfer/transmission/demat/remat of shares, issue of duplicate share certificates, change of address etc., to the following address.



M/s.Cameo Corporate Services Limited  
 Unit: Mercantile Ventures Limited  
 No.:1, Club House Road, "Subramanian Building", 5<sup>th</sup> Floor  
 Chennai - 600 002  
 Tel: 044-28460390 Fax: 044-28460129 e-mail: cameo@cameoindia.com

A separate email ID cs@mercantileventures.co.in has been created by the Company for the purpose of registering the complaints by the investors. Company Secretary has been appointed as Compliance Officer of the Company for redressal of investors' grievances. The shareholders may correspond to the following address for redressal of grievances if any.

**f) Share Transfer & Depository System**

The physical share transfers, transmissions, transpositions etc., are processed on number of requests received and the documents duly completed in all respects are registered within the time limit as specified by the listing agreement.

The ISIN number allotted to the Company by Central Depository Services (India) Ltd (CDSL) is INE689001013. Since trading in equity shares of the Company shall be permitted only in dematerialized form, the shareholders those who are holding shares in physical form, are advised to dematerialize their shares to avoid the risks associated with holding the share certificates in physical form.

The shareholders may also kindly note that as directed by SEBI, the Company/RTA is in the process of sending reminders to the shareholders, those who are holding the shares in physical form and who have not claimed their share certificates from the Company so far, to retrieve their share certificates.

**g) Listing of Equity Shares on Stock Exchanges**

The equity shares of the Company are listed on Madras Stock Exchange with effect from 7<sup>th</sup> February 2013 and the trading permission was obtained on 25<sup>th</sup> March 2013. The company has allotted 8,16,68,000 Equity Shares in pursuance of the Scheme of Arrangement and has obtained the approval for listing from Madras Stock Exchange.

**(h) Distribution of shareholding as on 31.03.2013:**

Range of shares	Holders		Shares	
	No.	%	No.	%
1 - 5000	52572	94.29	7502477	6.70
5001 - 10000	2337	4.19	1792515	1.60
10001 - 20000	557	1.00	792049	0.71
20001 - 30000	97	0.17	246129	0.22
30001 - 40000	39	0.07	147899	0.13
40001 - 50000	32	0.06	151557	0.14
50001 - 100000	35	0.06	258357	0.23
100001 - And Above	87	0.16	101027212	90.27
Total :	55756	100.00	111918195	100.00

**i) Shareholding Pattern as on 31.03.2013**

Category	No. of holders	No. of shares held	% of holding
Promoters Holding			
Promoters & Associates	90	81744298	73.04
Non-Promoters Holding			
(a) Institutional Investors			
Financial Institutions / Banks	1	100	0.00
(b) Others			
Bodies Corporate	209	19173804	17.13
NRIs & Foreign Nationals	17	10932	0.01
Public	55439	10989061	9.82
Total	55756	111918195	100.00

**i) Registered & Principal Office**

The Registered office of the Company is located at New No:73, Old No: 36-40, Armenian Street, Chennai-600001. The Principal Office of the Company is located at 88, Mount Road, Guindy, Chennai- 600 032

**j) Communication through electronic mode**

As per the earlier circular issued by the Ministry of Corporate Affairs, all the companies have been allowed / permitted to send its annual report comprising of Notice, Directors' Report, Auditors' Report, Balance Sheet, Profit & Loss account etc. by email to its members after giving an advance opportunity to register their Email address with the Company or with the concerned depository. In order to implement the above practice, the shareholders are hereby requested to register your email ID with the Company/RTA by submitting EARF (Email Address Registration Form), a copy of which is available with the company.

**k) Nomination of physical shares**

Members holding shares in physical form are encouraged to nominate a person to whom the shares in the Company shall vest in the event of death. Nomination forms will be sent to the Members on request.

**l) CEO / CFO Certification**

As required by Clause 49 (V) of the Listing Agreement, certificate from CEO/CFO was submitted to the Board.

**m) Certificate on Corporate Governance**

The Company has obtained a certificate from a Practising Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement and the same has been annexed at the end of this report.

**9. Insider Trading**

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices.

**10. Code of Conduct**

The Company has formulated a Code of Conduct for the Board members and Senior Management Personnel.

**11. Postal Ballot**

The following special/ordinary resolutions were put through Postal Ballot vide Postal Ballot Notice dated 07.02.2013:

Sl. No.	Subject matter of the Resolution
Resolution No.1	Special Resolution u/s 21 of the Companies Act, 1956, for change of name to Mercantile Ventures Limited.
Resolution No.2	Special Resolution u/s 17 of the Companies Act, 1956 for changing the main objects clause of the Company.
Resolution No.3	Special Resolution for recommencement of business.
Resolution No.4	Ordinary Resolution u/s 94 of the Companies Act, 1956 for increase in Authorised Capital of the Company.
Resolution No.5	Special Resolution u/s 17 of the Companies Act, 1956 for alteration of Memorandum of Association pursuant to increase in Authorised Capital.
Resolution No.6	Special Resolution u/s 31 of the Companies Act, 1956 for alteration of Articles of Association pursuant to Increase in Authorised Capital.
Resolution No.7	Special Resolution u/s 31 of the Companies Act, 1956 alteration of Articles of Association pursuant to dematerialization of shares.
Resolution No.8	Special Resolution u/s 81(1A) of the Companies Act, 1956 for allotment of shares.
Resolution No.9	Ordinary Resolution to give Powers to Board u/s 293(1)(a) of the Companies Act, 1956.
Resolution No.10	Special Resolution to appoint whole time director u/s 198,269&309 of the Companies Act, 1956.
Resolution No.11	Special Resolution to maintain statutory Registers u/s 163 of the Companies Act 1956.
Resolution No.12	Ordinary Resolution u/s 224 of the Companies Act 1956 for the Appointment of Auditors.

All the resolutions were declared as passed with the requisite majority.



### **Compliance Certificate on Corporate Governance Report**

Practising Company Secretary's Certificate  
(Under Clause 49 of the Listing Agreement)

To

The shareholders of Mercantile Ventures Limited

We have examined the compliance of the conditions of Corporate Governance by Mercantile Ventures Limited for the period ended 31<sup>st</sup> March 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the Conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai  
Date : 8<sup>th</sup> August 2013

**R.Kannan**  
Practising Company Secretary  
C.P No: F3363

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### **Declaration from CEO on Code of Conduct**

To

The shareholders of Mercantile Ventures Limited,

As provided under Clause 49 (D) of the Listing Agreement with the Stock Exchange, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the period ended 31<sup>st</sup> March 2013.

Place : Chennai  
Date : 8<sup>th</sup> August 2013

**For Mercantile Ventures Limited**

**E N RANGASWAMI**  
Whole-time Director

## Independent Auditor's Report

To the Members of  
Mercantile Ventures Limited  
(previously named as MCC Finance Limited)

### Report on Financial Statements

We have audited the accompanying financial statements of Mercantile Ventures Limited (previously named as MCC Finance Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period ended, on that date and a summary of significant accounting policies and other explanatory information.

### 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.

### Auditors' 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.

### Attention of the members is drawn to the following:-

#### Basis of Qualified Opinion:-

1. The previous available Audited accounts of the company related to the year ended 30-9-1998. The Company submitted a statement of affairs as at 30-6-2000 after winding up proceedings were initiated against the company. These figures were adopted by the Administrator/Official Liquidator. The affairs of the company were managed by the Official liquidator/Administrator during the period August, 2000 to November, 2012. The opening balances as at 15th November, 2012 were computed based on the assets and liabilities and records handed over by the Official Liquidator /Administrator pursuant to the Orders of the High Court.
2. The other non current assets detailed in Note 12 includes the following relating to the NBFC business carried on by the Company prior to the appointment of Official Liquidator (since permanently stayed) :-
  - a. Lease Parties Balances – Rs.476.20 Lakhs
  - b. Hire Purchase dues – Rs.2,639.41 Lakhs
  - c. Advances from Associate Investment Companies – Rs.5,910.52 Lakhs
  - d. Other advances – Rs.10,738.35 Lakhs

The above balances include amounts aggregating to Rs.697.68 Lakhs where cases filed in the High Court against the borrowers have been decreed in favour of the company.

A comprehensive review is proposed to be made of all the receivables relating to the old NBFC business to determine the quantum of possible realisation from these accounts, with the available records and documents. Appropriate decision about the provisions/write offs would be made after completion of the review. Hence the impact on the profit and loss account and other non-current assets is not presently ascertainable.



### Qualified Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and subject to Note 2, (2.4)&(12.1):

- 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 Profit and Loss Account, of the loss for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

### Report on Other Legal and Regulatory Requirements:-

1. As required by the Companies (Auditor's Report) Order, 2003 ("theOrder") 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.
2. As required by section 227(3) of the Act, we report that:
  - a) 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;
  - b) 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 subject to the note no.2.1, 2.2,2.3 &2.4
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account subject to Note 2, (2.4)& (12.1).
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 subject to Note 2, (2.4) & (12.2);
  - e) 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 Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **DPV & Associates**  
Chartered Accountants  
F.R.No.011688S

**CA Desikan G**  
M.No.219101  
Partner

Place: Chennai  
Date: 29 May 2013

## Annexure to Independent Auditors' Report

(Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our Report of even date)  
In terms of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- a) The company has maintained records showing full particulars including quantitative details and situation of Fixed Assets.
- b) We are informed that the Management at reasonable intervals has physically verified the Fixed Assets of the Company and that no material discrepancies were noticed on such verification.
- c) No substantial part of fixed assets have been disposed off during the year.
  1. The company does not hold movable stock and question of physical verification and procedures does not arise
  2. The Company has not granted any loans to parties covered in the register maintained under section 301 of the companies Act, 1956 during the period. Hence the repayment of interest and principle is not applicable. In respect of balances recoverable relating to the NBFC business carried on by the Company prior to appointment of Official Liquidator, the same are classified under Other Non Current Assets. Management has proposed to undertake a comprehensive review with regard to its recovery as detailed in note 12 to the accounts.
  3. 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 purchase of assets and with regard to the sale of Investments. No instances of continuing failure to correct major weaknesses in Internal Control were noticed.
  4. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:-
    - a) In our opinion and according to the information and explanations given to us, there were no transactions during the current period with the parties listed in the register required to be maintained under Section 301 of the Companies Act, 1956.
    5. The company has not accepted any deposits from the public. The provisions of sections 58 A & 58 AA of the companies Act, 1956, and the Rules framed there under is not applicable.
    6. In our opinion, the company has no separate internal audit system. However the existing Internal Control measures are commensurate with its size and nature of its business.
    7. The central government has not prescribed the maintenance of cost records u/s.209 (1) (d) of the Companies Act, 1956 to the company.
    8. a) According to the records of the Company, the company is regular in depositing statutory dues relating to Income tax deducted at source, with the appropriate authorities. According to the information and explanation given to us disputed Income Tax amounting to Rs.428.12 Lakhs is outstanding as at 31<sup>st</sup> March, 2013 out of which company had paid Rs.83.62 lakhs under protest, in respect of which the company has made an appeal with the CIT (appeals).
    9. The Company has accumulated losses at the end of the financial year of Rs.47.81 Lakhs. The Company has incurred cash loss of Rs.115.89 lakhs in the current period year under report.
    10. The Company has not defaulted in repayment of dues to Banks during the year.
    11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
    12. The Company has not given any guarantee for loans taken by others from Bank or financial institutions.
    13. The company is not dealing in or trading in Shares, Securities, Debentures & other investments.
    14. The company has not obtained any term loans during the year.
    15. As per the records of the company, no funds were raised on short term basis and used for long term investment and vice versa.
    16. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 as per the Scheme of revival approved by the Honourable Madras High Court.
    17. The Company has not issued any debentures, so creation of securities in respect of debentures does not arise.
    18. The company has not raised money any money by public issues during the period covered by our audit report.
    19. According to the information and explanations furnished to us, no fraud has been noticed or reported during the year.

For **DPV & Associates**  
Chartered Accountants  
F.R.No.011688S

**CA Desikan G**  
M.No.219101  
Partner

Place: Chennai  
Date: 29<sup>th</sup> May 2013



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2013

(Rs. in Lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March 2013
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
(a) Share Capital	3	11,194.67
(b) Reserves & Surplus	4	12,588.68
		<b>23,783.35</b>
<b>Non-Current Liabilities</b>		
(a) Long-Term Borrowings	5	224.80
(b) Deferred Tax Liabilities	6	160.37
		<b>385.17</b>
<b>Current Liabilities</b>		
(a) Other Current Liabilities	7	191.65
(b) Short-Term Provisions	8	428.12
		<b>619.77</b>
<b>Total - Equity &amp; Liabilities</b>		<b>24,788.29</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
(a) Fixed Assets - Tangible Assets	9	1,716.33
(b) Non Current Investments	10	231.15
(c) Long Term Loans and Advances	11	1,680.98
(d) Other Non-Current Assets	12	19,764.48
		<b>23,392.94</b>
<b>Current Assets</b>		
(a) Current Investments	10A	202.31
(b) Cash and cash equivalents	13	1,109.42
(c) Other current assets	14	83.62
		<b>1,395.35</b>
<b>Total - Assets</b>		<b>24,788.29</b>
<b>See accompanying Notes forming part of the financial statements</b>		

In terms of our report attached.

For and on behalf of the Board of Directors

**For DPV & Associates**

Chartered Accountants

**G. Desikan**  
Partner

**M Rajamani**  
Director

**S Kumar**  
Director

Place : Chennai  
Date : 29<sup>th</sup> May 2013

**S. Aarthi**  
CFO & Company Secretary

**AL. Chandramouli**  
Director

**E N Rangaswami**  
Whole-time Director

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2013

(Rs. in lakhs)

Particulars	Note No.	Period ended 31 <sup>st</sup> March 2013
<b>Revenue:</b>		
Other Income	15	40.95
<b>Total Revenue</b>	(A)	<b>40.95</b>
<b>Expenses:</b>		
Employee Benefit Expense	16	9.26
Depreciation and Amortization Expense	9	5.48
Other Expenses	17	451.53
<b>Total Expenses</b>	(B)	<b>466.27</b>
Profit before exceptional and extraordinary items and tax	(A-B)	<b>(425.32)</b>
Exceptional items(Net)	18	303.95
Profit before extraordinary items and tax		<b>(121.37)</b>
Profit before tax		<b>(121.37)</b>
<b>Tax expense:</b>		
Current Income Tax		-
Deferred tax		160.37
Profit/(Loss) for the period from continuing operations		<b>(281.74)</b>
Profit/(Loss) for the period		<b>(281.74)</b>
Earning per equity share:		
(a) Basic & diluted before Exceptional items (in Rs)		(0.52)
(b) Basic & diluted after Exceptional items (in Rs)		(0.25)
<b>See accompanying Notes forming part of the financial statements</b>		

In terms of our report attached.

For and on behalf of the Board of Directors

**For DPV & Associates**  
Chartered Accountants

**G. Desikan**  
Partner

**M Rajamani**  
Director

**S Kumar**  
Director

Place : Chennai  
Date : 29<sup>th</sup> May 2013

**S. Aarthi**  
CFO & Company Secretary

**AL. Chandramouli**  
Director

**E N Rangaswami**  
Whole-time Director



## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2013

(Rs. in lakhs)

Particulars		Period Ended 31 <sup>st</sup> March 2013
<b>A. Cash Flow from Operating Activities</b>		
Profit for the Period before Exceptional items and Tax		(425.32)
<b>Add: Exceptional items</b>		
Surplus on write Back of liabilities	337.11	
Prior period items	(33.16)	303.95
<b>Adjustments for:</b>		
Depreciation	5.48	
Provision for diminution in value of Investments	125.66	
Interest Income	(32.88)	
Dividend Income	(7.63)	
Other income	(0.44)	
Bad Debts and Advances written off	228.81	319.00
<b>Operating Profit before working Capital Changes</b>		197.63
<b>Adjustments for:</b>		
Current liabilities & Provisions	191.65	
Loans & Advances	(1680.98)	
Other Current Assets	(83.62)	(1572.95)
<b>Net Cash from Operating activities</b>		<b>(1375.32)</b>
<b>B Cash Flow from Investing activities</b>		
Addition of Fixed Assets		(0.95)
Investments made		(252.31)
Income from Investments		40.95
<b>Net Cash from Investing Activities</b>		<b>(212.31)</b>
<b>C Cash Flow from Financing Activities:</b>		
Proceeds of issue of Equity Shares	8166.80	
Proceeds of Share Premium	12250.20	
Long Term Borrowings	(20754.11)	
<b>Net Cash used in Financing Activities</b>		(337.11)
<b>Net Cash Flows during the year (A)+(B)+( C)</b>		<b>(1924.74)</b>
Cash and Cash Equivalents(Opening Balance)as at 15-11-2012		3034.16
Investments in Liquid Funds		202.31
<b>Cash and Cash Equivalents(Closing Balance) as at 31-3-2013</b>		<b>1311.73</b>
<b>Disclosure of non Cash transactions</b>		
Conversion of Loans into Equity and share Premium		20417.00
Conversion of Loans into Convertible Bonds		224.80
(Refer Notes 5.1 & 18.1)		
<b>See accompanying Notes forming part of the financial statements</b>		

In terms of our report attached.

For and on behalf of the Board of Directors

**For DPV & Associates**

Chartered Accountants

**G. Desikan**  
Partner

**M Rajamani**  
Director

**S Kumar**  
Director

Place : Chennai  
Date : 29<sup>th</sup> May 2013

**S. Aarthi**  
CFO & Company Secretary

**AL. Chandramouli**  
Director

**E N Rangaswami**  
Whole-time Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2013

### 1. Significant Accounting Policies

#### 1 Basis of Preparation of Financial Statements

The Financial Statements relate to Mercantile Ventures Ltd. These Financial Statements have been prepared on accrual basis under the historical cost convention and applicable Accounting Standards.

#### 2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 3 Cash and cash equivalents (for Cash Flow Statement)

Cash on hand comprises Cash on hand and balance in Current account with Bank and other liquid funds.

#### 4 Cash Flow Statement

Cash Flows are reported using the indirect method whereby profit/loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash Flows from operating, investing and financing activities of the company are segregated on the available information.

#### 5 Fixed Assets

The Fixed Assets are stated at cost less accumulated Depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

#### 6 Depreciation

- a) Depreciation is provided on straight Line Method at the rates specified under Schedule XIV of the Companies Act, 1956
- b) Depreciation on certain premises is provided on composite cost where it is not possible to segregate the land cost
- c) Depreciation for additions to/deductions from Fixed Assets is calculated pro rata from/to the month of additions/deletions.
- d) Fixed Assets individually costing Rs.5000 or less are depreciated in full in the year of additions.

#### 7 Investments (Long Term)

- a) Investments in shares and units are stated at cost, net of permanent diminution in value wherever necessary.
- b) Dividends are accounted for when the right to receive the payment is established.

#### 8 Impairment of assets

The company recognizes impairment of assets other than the assets which are specially excluded under the Accounting Standard 28 on impairment of Assets issued by the Institute of Chartered Accountants of India after comparing the assets recoverable value with its carrying cost in the books. In case carrying amounts exceed recoverable value, impairment losses are provided for.

#### 9 Revenue recognition

- a) Revenue is recognized on accrual basis and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses.
- b) Dividend income is recognized when the company's right to receive the dividend is established by the reporting date.
- c) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

## 10 Segment reporting

The main business of the company is that of lease of immovable properties which is the only business segment for the current period.

## 11 Provision for current tax and deferred tax

Provision for current tax is made after taking into consideration admissible benefits under the provisions of the Income Tax 1961. Deferred taxes are recognized when considered prudent for all timing differences between taxable and accounting income.

## 12 Retirement Benefits

The company has just commenced the operations and presently there are no post-employment and other long term benefits.

## 2. Notes on Financial Statements for the period ended 31<sup>st</sup> March 2013

- 2.1. MCC Finance Limited(now known as Mercantile Ventures Limited) was provisionally ordered to be wound up by the Hon'ble Madras High Court on 21<sup>st</sup> August 2000 and final winding up Order was passed on 3<sup>rd</sup> August 2001.
- 2.2. A Scheme of Arrangement and Revival of the company under Section 391 to 394 of the Companies Act, 1956 was submitted to the Hon'ble Madras High Court which was approved by its order dated 18th October 2012 and the same was received on 9<sup>th</sup> November,2012.The aforesaid Order stayed permanently the winding up order dated 3<sup>rd</sup> August 2001 and discharged the Official Liquidator and Administrator from the management and administration of the affairs and assets of the company. The above order permitted the reconstituted Board of Directors to take charge of the affairs of the company. In pursuance of the above Order, the reconstituted Board of Directors of the company took over the management of the affairs of the company from the Official Liquidator.The Board was reconstituted on 15<sup>th</sup> November 2012.
- 2.3. The previous available Audited accounts of the company were as at 30<sup>th</sup> September 1998. The Company submitted a statement of affairs as at 30<sup>th</sup> June 2000 after winding up proceedings were initiated against the company.These figures were adopted by the Administrator/Official Liquidator.The affairs of the company were managed by the Official liquidator/Administrator during the period August 2000 to November 2012.The opening balances as at 15<sup>th</sup> November 2012 were computed based on the assets and liabilities and records handed over by the Official Liquidator / Administrator pursuant to the Orders of the High Court.
- 2.4. The current accounting period is reckoned from 15<sup>th</sup> November 2012 to 31<sup>st</sup> March 2013. The figures of the previous period are not applicable as the Company was under liquidation and the affairs were managed by the Official Liquidator.
- 2.5. The name of the company was changed from MCC Finance Limited to Mercantile Ventures Limited with effect from 27<sup>th</sup> March 2013.
- 2.6. The Madras Stock Exchange granted listing approval vide letter dated 7<sup>th</sup> February 2013 and the trading approval vide letter dated 25<sup>th</sup> March 2013.

## 3. Share Capital

(Rs. in lakhs)

Particulars	As at 31 <sup>st</sup> March 2013
<b>Authorised Capital</b>	
11,50,00,000 Equity Shares of Rs. 10/- each. The Authorised Equity Share Capital of the Company was increased from Rs.3500.00 Lakhs (3,50,00,000 shares of Rs.10/- each) to Rs.11500.00 Lakhs (11,50,00,000 shares of Rs.10/- each)	<b>11,500.00</b>
1,50,00,000 Preference Shares of Rs. 10/- each.	<b>1,500.00</b>
<b>Total</b>	<b>13,000.00</b>
<b>Issued, Subscribed &amp; Paid up Capital</b>	
11,19,18,195 Equity Shares of Rs.10/- each fully paid up (Of the total Issued Capital, 8,16,68,000 Equity shares of Rs.10/- each were issued at a premium of Rs.15/- per share during the current period in pursuance of the Scheme of Arrangement with the Creditors approved by the Hon'ble Madras High Court)	<b>11,191.82</b>
Add: Forfeited shares	<b>2.85</b>
<b>Total</b>	<b>11,194.67</b>

3.1. Number of Equity Shares at the beginning and end of the reporting period

Particulars	As at 31 <sup>st</sup> March 2013	
	No. of Shares	Amount
Shares outstanding at the beginning of the Period	30,250,195	3,025.02
<b>Add:</b> Shares of Rs 10 each issued during the period at a premium of Rs. 15/- per share pursuant to the Scheme of Arrangement with the Creditors approved by the Hon'ble Madras High Court	81,668,000	8,166.80
Shares outstanding at the close of the period <b>11,19,18,195</b>	111,918,195	11,191.82

3.2. Details of Shareholders holding more than 5 % shares in the company

Name of Shareholder	As at 31 <sup>st</sup> March 2013	
	No of Shares	% of Holding
Trinity Auto Points Limited	20,956,000	18.72
South India Travels Private Limited	15,852,500	14.16
Golden Star Assets Consultants Private Limited	14,396,000	12.86
Southern Petrochemical Industries Corporation Limited	9,220,000	8.24
Ranford Investments Limited	7,807,955	6.98
Dornolly Investmenst Limited	6,437,000	5.75
Gold Nest Trading Company Limited	5,808,000	5.19

4 Reserves & Surplus

(Rs. in lakhs)

Particulars	As at 31 <sup>st</sup> March 2013
<b>Capital Reserve</b>	
Opening balance	292.43
Add:- Addition during the period	-
	292.43
Less:- Deduction During the period	-
<b>Closing Balance (A)</b>	292.43
<b>Special Reserve Fund</b>	
Opening Balance	45.25
Add:- Addition during the period	-
	45.25
Less:- Transfer to General Reserve during the period	45.25
<b>Closing Balance (B)</b>	-
<b>Investment Allowance Reserve</b>	
Opening Balance	5.02
Add:- Addition during the period	-
	5.02
Less:- Transfer to General Reserve	5.02
<b>Closing Balance (C)</b>	-
<b>General Reserve</b>	
Opening Balance	325.33
Add: Transfer from Special Reserve Fund	45.25
Transfer from Investment allowance reserve	5.02
	375.60
Less:- Deduction During the period	-
<b>Closing Balance (D)</b>	375.60
<b>Securities Premium Account</b>	
Opening Balance	
Add:-Premium Credited on securities issued during the period to the Creditors in pursuance of a Scheme of Arrangement (Refer Note 3)	12,250.20
Less:- Premium utilised during the period	-
<b>Closing Balance (E)</b>	12,250.20
<b>Profit &amp; Loss Account</b>	
Surplus from Profit & Loss Account	(47.81)
Add:- Profit/(Loss) for the current period	(281.74)
	(329.55)
Less:- Deduction During the Year	-
<b>Closing Balance (F)</b>	(329.55)
<b>Total (A to F)</b>	<b>12,588.68</b>

## 5 Long Term Borrowings

	As at 31 <sup>st</sup> March 2013
<b>Unsecured</b>	
Opening Balance	20,978.91
Allotment of shares	(8,166.80)
Transfer to Securities Premium Account	(12,250.20)
Surplus on write back of liabilities on allotment of bonds	(337.11)
<b>Convertible Bonds</b>	<b>224.80</b>

- 5.1. Zero Interest 3 year Convertible Bonds were issued to the Creditors of the company in pursuance of a Scheme of Arrangement with the Creditors approved by the Hon'ble Madras High Court. The Bonds are redeemable at the end of the third year from the date of issue or in lieu of such redemption, at the option of the Creditors, convertible into equity Shares of Rs 10 each at par.

## 6 Deferred Tax Liability

Related to Fixed Assets-timing difference	160.37
<b>Total</b>	<b>160.37</b>

## 7 Other Current Liabilities

<b>Other Payables</b>	
a) Duties & Taxes	36.41
b) Outstanding Expenses Payables	6.88
c) Other payables	48.36
d) Security Deposit	100.00
<b>Total</b>	<b>191.65</b>

- 7.1. Security Deposit represents amount received towards lease of freehold land belonging to the company.

## 8 Short Term Provisions

Provision for Taxation	428.12
<b>Total</b>	<b>428.12</b>

- 8.1. The Provision for Taxation in respect of the assessment years prior to the year 2000-01 has been worked out based on the records and information available with the company. Certain Appeals filed with the CIT (Appeals) in respect of Assessment years 1994-95, 1995-96 and 1996-97 are pending disposal. However, the likely reliefs from the above Appeals estimated at Rs 162.85 lakhs has not been considered in the tax provision.
- 8.2. The Income Tax Returns for the period the company was under liquidation, were filed by the Official Liquidator and the applicable Income Tax on the reported income was also paid by him.

9 FIXED ASSETS

(Rs. in lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 15-11-2012	Additions	Deletions	Total	As at 15-11-2012	Deletions	For The Period	As at 31-3-2013	As at 31-3-2013	As at 15-11-2012
<b>Tangible Assets</b>										
Freehold Land	1,081.93	-	-	1,081.93	-	-	-	-	1,081.93	1,081.93
Buildings	801.07	-	-	801.07	162.14	-	5.44	167.58	633.49	638.93
Computers	-	0.95	-	0.95	-	-	0.04	0.04	0.91	-
<b>Total</b>	<b>1,883.00</b>	<b>0.95</b>	<b>-</b>	<b>1,883.95</b>	<b>162.14</b>	<b>-</b>	<b>5.48</b>	<b>167.62</b>	<b>1716.33</b>	<b>1,720.86</b>

10 DETAILS OF NON -TRADE INVESTMENTS

Non-Current Investments

Sl.No.	Name of Company	Subsidiary / Associate/ JV / Controlled Entity / Others	Face value per Share Rs	No.of Shares/ Units	As at 31 <sup>st</sup> March 2013
	<b>Quoted</b>				
<b>a)</b>	<b>Investments in Equity instruments -fully paid up</b>				
1	Adarsh Chemicals Ltd	Others	10	7,000	2.09
2	Autopal Industries Ltd	Others	10	300	0.12
3	Avon Containers and printers Ltd	Others	10	16,650	4.86
4	Chitra Durga Spintex Ltd	Others	10	36,500	3.65
5	Crescent Finstock Ltd	Others	10	14	0.00
6	Dev Fasteners Ltd	Others	10	2,800	1.25
7	Easar Port Ltd	Others	10	2	0.00
8	Eastern Threads Ltd	Others	10	50,300	5.07
9	Essar Shipping Ltd	Others	10	1	0.00
10	First Leasing Company of India Ltd	Others	10	99,750	9.98
11	Hindusthan Construction Ltd	Others	10	50	0.02
12	Integrated Digital Info services Ltd	Others	10	200	0.02
13	ISPL Industries Ltd	Others	10	37,000	22.01
14	Karuthure Floritech Ltd	Others	10	7,400	0.97
15	Karuthuri Floritech Ltd-Partly paid	Others	10	360,000	9.00
16	Kumbat Financial Services Ltd	Others	10	10,100	1.01
17	Malvika Steels Ltd	Others	10	48,600	19.44
18	Periakaramalai Estates Ltd	Others	10	75	0.01
19	Reliance Petroleum Ltd	Others	10	400	0.05
20	Ritish International Ltd	Others	10	12,900	4.03
21	S & S Power Switch Gears Ltd	Others	10	77	0.01
22	S&S Insustries Ltd	Others	10	560	0.01
23	Sai Industries Ltd	Others	10	4,400	0.44
24	Saptharishi Agro Industries Ltd	Others	10	3,700	0.80
25	Sharp Industries Ltd	Others	10	200	0.06
26	Sicagen India Ltd	Others	10	450	0.05
27	Sical Logistics Ltd	Others	10	450	0.05
28	Southern Petrochemical Industries Corporation Ltd	Others	10	100	0.01
29	Stanes Amalgamated Ltd	Others	10	225	0.03
30	Tebma Shipyards Ltd	Others	10	3,400	3.68
31	TN Jayabharat Mills Ltd	Others	10	2,000	0.83
32	Tribology India Ltd	Others	10	2,350	2.25
	<b>Sub Total - (A)</b>				<b>91.80</b>

Sl.No.	Name of Company	Subsidiary / Associate/ JV / Controlled Entity / Others	Face value per Share Rs	No.of Shares/ Units	As at 31 <sup>st</sup> March 2013
	<b>Unquoted</b>				
33	Absolute Aromatics Ltd	Others	10	27,200	17.68
34	Agrimarine Exports Ltd	Others	10	8,000	1.00
35	Albaraka Finance House Ltd	Others	10	13,500	2.10
36	Alpine Industries Ltd	Others	10	124	0.06
37	Ananthi Constructions Ltd	Others	10	3,900	0.21
38	Aquamarine Food Products Ltd	Others	10	1,300	0.38
39	Armaan Electricals Ltd	Others	10	10,800	0.98
40	Armenian Investments Ltd	Associate	10	50,600	5.06
41	Balaj Hotels and Enterprises Ltd	Others	10	1,000	0.84
42	Biochem Synergy Ltd	Others	10	2,800	1.04
43	Bureau of Information Technology Ltd	Others	10	3,700	2.27
44	Carrier Airconditioning & Refrigeration Ltd	Others	10	132	0.02
45	Cauvery Sugars and Chemicals Ltd	Others	10	50	0.03
46	Central Cables Ltd	Others	10	2,900	2.44
47	Clara India Ltd	Others	10	600	0.12
48	Coromandel Growth fund Ltd	Others	10	5,000	0.50
49	Dick Financial services Ltd	Others	10	120,000	12.00
50	Elgi Finance Ltd	Others	10	1,000	0.89
51	Eliot Investments Ltd	Associate	10	70,000	7.00
52	Euro Marine Products Ltd	Others	10	12,100	0.79
53	Everest Investments Ltd	Associate	10	55,400	5.54
54	Evergo Capital Markets Ltd	Others	10	14,100	1.11
55	Gangadharam Appliances Ltd	Others	10	700	0.17
56	Gil Hospitals Ltd	Others	10	12,500	2.19
57	Harrington Investments Ltd	Associate	10	118,000	11.80
58	Hitco Drills Ltd	Others	10	290,700	29.11
59	HMG Industries Ltd	Others	10	6,900	4.06
60	Hyataisun Magnetics Ltd	Others	10	4,500	1.41
61	IGGI Resorts Ltd	Others	10	5,300	1.82
62	Indian Dyestuff Ltd	Others	10	66	0.07
63	Indo French Biotech Ltd	Others	10	200	0.02
64	Jain Farms Palm Oil Ltd	Others	10	50,000	5.00
65	Jayanthi Business Machines Ltd	Others	10	3,000	1.05
66	Kailash Structural Ltd	Others	10	1,000	0.19
67	Karthik Alloys Ltd	Others	10	3,890	2.74
68	Keycer Agro Products Ltd	Others	10	8,000	0.81
69	Kongarar Textiles Ltd	Others	10	2,600	1.17
70	Maxworth Country India Ltd	Others	10	29,500	1.84
71	Maxworth International Ltd	Others	10	23,200	2.09
72	Modi Threads Ltd	Others	10	200	0.03
73	MS Investments Ltd	Others	10	100	0.03
74	Niranjana Paper Mills Ltd	Others	10	1,100	0.11
75	PA Cotton & Spinning Mills Ltd	Others	10	1,400	2.10
76	Pacific Granites Ltd	Others	10	6,300	3.73
77	Pango Exports Ltd	Others	10	15,000	1.52

Sl.No.	Name of Company	Subsidiary / Associate/ JV / Controlled Entity / Others	Face value per Share Rs	No.of Shares/ Units	As at 31 <sup>st</sup> March 2013
78	Pantheon Investments Ltd	Associate	10	18,800	1.88
79	PCS Data Products Ltd	Others	10	73	0.02
80	Pioneer Cashew Industries Ltd	Others	10	4,300	0.44
81	Premier Housing Ltd	Others	10	8,800	4.41
82	Pushya Industrial Gases Ltd	Others	10	250	0.03
83	Quality Consultancy Company Ltd	Others	10	4,000	0.08
84	Raghavendra Spinners Ltd	Others	10	8,300	1.63
85	Rainbow Holiday Resorts International Ltd	Others	10	32,600	3.28
86	Rajalakshmi Mills Ltd	Others	10	1,100	0.62
87	Rajsree Polyfil Ltd	Others	10	100	0.01
88	Rathnimani Engineering Ltd	Others	10	2,000	0.82
89	Raymond Synthetics Ltd	Others	10	100	0.01
90	Reed Relays & Electronics Ltd	Others	10	50	0.07
91	Renewal Energy Ltd	Others	10	1,200	2.76
92	Ripon Investments Ltd	Associate	10	118,000	11.80
93	SAE India Ltd	Others	10	2,700	2.82
94	Shaktakiri Solvents Ltd	Others	10	5,100	1.42
95	Shamrao Vithal Co-operative Bank Ltd	Others	10	500	0.01
96	Sholingar Textiles Ltd	Others	10	12,300	9.47
97	SJB Tubes Ltd	Others	10	6,600	0.66
98	SOL Pharmaceuticals Ltd	Others	10	87	0.02
99	STI Biplus Tubing (I) Ltd	Others	10	10,800	8.08
100	Success Investments Ltd	Associate	10	117,800	11.77
101	Tamarai Mills Ltd	Others	10	4,250	3.96
102	Tri Star Soya Ltd	Others	10	5,450	4.23
103	Veera Laboratories Ltd	Others	10	10,000	4.00
104	Western Pacques India Ltd	Others	10	100	0.15
105	Windsor Investments Ltd	Associate	10	17,800	1.78
106	Woolworth India Ltd	Others	10	50	0.03
107	XS Financial Services Ltd	Others	10	42,800	3.56
108	Zen Global Finance Ltd	Others	10	400	0.07
<b>Sub Total - (B)</b>					<b>215.01</b>
<b>TOTAL - (A) + (B)</b>					<b>306.81</b>
<b>b)</b>	<b>Investments in Preference Shares</b>				
	Twinshield Consultants P Ltd-Application Money		10	5,00,000	50.00
	<b>Aggregate amount of Investments (a) + (b)</b>				<b>356.81</b>
	Less: Provision for diminution in Value of Investments				125.66
	<b>Net Value of Investments</b>				<b>231.15</b>

10.1 3,60,000 shares in Karuturi Floritech Ltd which are held at a cost of Rs 9.00 lakhs are partly paid up.

10.2 Cost of quoted shares include Rs 3.35 lakhs being the cost of shares held in third party names.

10.3 Unquoted investments held as long term investments in certain associate and other companies will be reviewed and appropriate provisions for diminution/write offs will be made after review.

Aggregate amount of Non- Current quoted Investments	Rs.	<b>91.80</b>
Market value of Non-current quoted Investments	Rs.	<b>56.71</b>

#### 10A Current Investments - Non trade

		No. of units	Rs. in lakhs
Investments in Mutual Fund			
UTI Mutual Fund		20,226.25	202.31
Aggregate amount of Current quoted Investments	Rs		202.31
Market value of current quoted Investments	Rs		202.31

#### 11 Long -Term Loans and Advances (Rs. in lakhs)

Particulars	As at 31 <sup>st</sup> March 2013
Others-Unsecured considered good	
Capital Advance	1,680.98
<b>Total</b>	<b>1,680.98</b>

#### 12. Other non current Assets

<b>Unsecured, considered good</b>	
Other Advances to Related Parties - Associate Companies	5,910.52
Others Advances	13,853.96
<b>Total</b>	<b>19,764.48</b>

12.1 Other Advances of Rs.13,853.96 lakhs include certain investment entities of Rs.9,206.94 lakhs and other parties, lease party balances of Rs.476.20 lakhs, hire purchase balances of Rs.2,639.41 lakhs. Comprehensive review of all the receivables relating to the old NBFC business prior to order of winding up, is being done to determine the quantum of realisation. Appropriate decision about Provision for Bad Loans/write offs would be considered, if required, after completion of the review referred to above.

Other Advances also include balances of Rs.697.68 lakhs in respect of parties against whom cases filed in High Court have been decreed.

#### 13 Cash & Cash Equivalents

Balances with Bank on current Account	1,109.32
Cash on Hand	0.10
<b>Total</b>	<b>1,109.42</b>

#### 14 Other Current Assets

Income Tax Advance	83.62
<b>Total</b>	<b>83.62</b>

#### 15 Other Income

Particulars	Period ended 31 <sup>st</sup> March 2013
Dividend Received	7.63
Interest Received	32.88
Miscellaneous Income	0.44
<b>Total</b>	<b>40.95</b>

**16 Employment Benefit Expenses**

(Rs. in lakhs)

Particulars	Period ended 31 <sup>st</sup> March 2013
Salaries	9.14
Staff Welfare	0.12
<b>Total</b>	<b>9.26</b>

**17 Other Expenses**

Rates & Taxes	2.58
Repairs & Maintainance	
- Building Maintenance	0.63
Postage, Telephone & Courier Charges	0.03
Travelling Expenses	0.50
Legal Expenses	16.58
Professional & Consultancy Charges	5.66
Auditors Remuneration - Statutory Audit Fees	1.50
Miscellaneous Expenses	0.09
Advertisement charges	0.06
Directors Sitting Fees	0.10
Secretarial Expenses	21.50
Electricity Charges	-
Filing Fees	43.20
Security Charges	1.47
Printing & Stationery	3.16
Provision for Diminution in the value of investments	125.66
Bad Debts and Advances written off	228.81
<b>Total</b>	<b>451.53</b>

**18 Exceptional Items**

Surplus on write back of liabilities	337.11
Prior period Expenses	(33.16)
<b>Total</b>	<b>303.95</b>

18.1 As per Scheme of Arrangement with the Creditors approved by the High Court, they were given the option to choose either Convertible Bonds to the extent of 40% of the balance due or equity shares of Rs.10/- each at a premium of Rs.15/- per share for the total amount outstanding. In respect of Creditors who were allotted Convertible Bonds, the residual amount of Rs 337.11 lakhs after allotment of Convertible Bonds is written back as surplus on write backs.

18.2 The prior period items relate to expenses incurred towards payment of maintenance charges, electricity charges, property Tax, water Tax etc for the period when the affairs were managed by the Official Liquidator.

19 Expenditure in foreign currency during the current period - Nil -

20 Earnings in foreign exchange received during the current period - Nil -

21 As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

**Related Parties:**

**Associates:**

Armenian Investments Ltd  
 Eliot Investments Ltd  
 Everest Investments Ltd  
 Harrington Investments Ltd  
 Pantheon Investments Ltd  
 Ripon Investments Ltd  
 Success Investments Ltd  
 Windor Investments Ltd

**Key Management Personnel:**

Mr.E N Rangaswami, Whole-time Director (From 5<sup>th</sup> December 2012)

The following are transactions & Closing Balances with the related parties during current period

(Rs.Lakhs)

Particulars of transaction	Dr/Cr	Outstanding at the year end	Directors Remuneration
Armenian Investments Ltd	Dr	1,156.00	
Eliot Investments Ltd	Dr	1,118.33	
Everest Investments Ltd	Dr	1,001.10	
Harrington Investments Ltd	Dr	61.00	
Pantheon Investments Ltd	Dr	376.37	
Ripon Investments Ltd	Dr	59.00	
Success Investments Ltd	Dr	1,268.87	
Windsor Investments Ltd	Dr	869.85	
Mr.E N Rangaswami	Cr	0.71	5.52





**MERCANTILE VENTURES LIMITED**  
 Registered Office : New No.73, Old No.36-40, Armenian Street, Chennai 600 001.  
 Principal Office: 88, Mount Road, Guindy, Chennai - 600 032.

**ATTENDANCE SLIP**

Name & Address of the Shareholder :

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Folio No.	
DP. ID*	
Client ID*	

\* Applicable to investors holding shares in electronic form

I hereby certify that I am a member / proxy appointed by the member\* of the Company and record my presence at the **12<sup>th</sup> Annual General Meeting of the Company at Rajah Annamalai Mandram, 5, Esplanade Road, Chennai - 600 108 on Monday, the 30th September 2013 at 3 PM.**

Name of the Shareholder/Proxy\*

Signature of the Shareholder/Proxy\*

\_\_\_\_\_

\_\_\_\_\_

\* Strike out whichever is not applicable.

Note: Please fill up this attendance slip and hand over at the entrance of the meeting hall.

**Note: No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.**



**MERCANTILE VENTURES LIMITED**  
 Registered Office : New No.73, Old No.36-40, Armenian Street, Chennai 600 001.  
 Principal Office: 88, Mount Road, Guindy, Chennai - 600 032.

**PROXY FORM**

I/We .....  
 ..... of .....  
 in the district of ..... being a Member/Members of  
 the above-named Company hereby appoint .....  
 of ..... in the District of .....  
 orfallinghim/her,..... of .....  
 ..... in the district of ..... as my/our Proxy to vote for me/us  
 on my/our behalf at the **12<sup>th</sup> Annual General Meeting** of the Company to be held on **Monday, the 30th September 2013 at 3 PM. at Rajah Annamalai Mandram, 5, Esplanade Road, Chennai - 600 108** and at any adjournment thereof.

Signed this ..... day of .....2013.

Folio No	
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DP. ID		Client ID	
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Affix  
 Re. 1  
 Revenue  
 Stamp

Notes : The Proxy form must be deposited at the Registered Office/Principal Office of the Company not later than 48 hours before the time for holding the aforesaid meeting; otherwise it will be treated as invalid.  
 The Proxy need not be a member of the Company

**Note: No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.**

