

NOTICE

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of M/s. SOBHAGYA MERCANTILE LIMITED will be held on Saturday, 24th September, 2011 at 11.00 a.m. at Registered Office of the Company at 61 'B' Wing, Mittal Tower, 210, Nariman Point, Mumbai – 400 021, to transact the following business.

ORDINARY BUSINESS :

- 1. To receive, consider and adopt the Audited Balance Sheet as at and Profit & Loss Account for the year ended 31st March , 2011 and the Director's Report and Auditor's Report thereon.*
- 2. To appoint director in place of Mr. Satyanarayan Kabra, who retires by rotation and being eligible offer himself for re-appointment.*
- 3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.*

BY ORDER OF THE BOARD OF DIRECTORS
For Sobhagya Mercantile Limited

Sd/-
Brij Mohan Kabra
Director

Place : Mumbai
Date : 30.08.2011

Registered Office :
61, 'B' Wing, 6th Floor
Mittal Tower.,
210, Nariman Point
Mumbai – 400 021

NOTES FOR MEMBERS' ATTENTION :

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY, NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE VALID, THE INSTRUMENTS APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIMING OF THE MEETING.*
- 2. The Register of Members & Share Transfer Books of the Company shall remain closed on Friday, 23rd September, 2011 and Saturday, 24th September, 2011.*
- 3. Members are requested to intimate the change of address if any to the Company or its Registrar & Share Transfer Agents, M/s. Purva Sharegistry (India) Pvt. Ltd. having its office at Shivshakti Ind. Est., Gala No. 9, Sitaram Mills Compound, J.R. Boricha Marg, Mahalaxmi – 400 011.*

DIRECTOR'S REPORT

To,
The Members,
Sobhagya Mercantile Limited.

Your Directors have pleasure in presenting the Twenty-Seventh Annual Report with the audited statement of Accounts for the year ended 31st March 2011.

Financial Results :

Summary of the working result of the company for the Twenty-Seventh Accounting Year ended 31st March, 2011 are given as below :

	2010-2011	2009-2010
	Amount (Rs)	Amount (Rs)
Profit before depreciation	(59,632.61)	(75,555.61)
Less : Depreciation	2,246.19	3,180.51
Profit before taxation	<u>(61,878.80)</u>	<u>(78,736.12)</u>
Less : Provision for Deferred Tax Liability	-	-
Less:Short Provision for taxation(A.Y:2001-02)	-	453.00
Profit after taxation	(61,878.80)	(79,189.12)
Add : Balance b/f from last year	303,397.20	382,586.32
	<u>241,518.40</u>	<u>303,397.20</u>

Dividend :

Due to Losses during the year under review, your directors regret their inability to recommend any dividend.

Director :

Mr. Satyanarayan Kabra shall be retiring by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

Deposits :

The Company has not accepted any deposits from the public during the year.

Employee :

None of the employees was in receipt of remuneration in excess of limits specified in section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rule,1975..

Auditors :

M/s. R. Daliya & Associates, Chartered Accountants, Mumbai retiring Auditors will hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Director's Responsibility statement :

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2011 the applicable Accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for the year under review;
- (iii) the Directors 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 for preventing and detecting fraud and irregularities;*
- (iv) *the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.*

Cash Flow Statement :

As required under Clause 32 of the Listing Agreement with the Stock Exchange, the Cash Flow Statement for the period 2010 –11 is annexed hereto.

Management Discussion and Analysis Report :

As required under Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis Report is annexed herewith forming part of this Annual Report.

Corporate Governance :

A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

Acknowledgement :

Your Directors would like to express their appreciation for co-operation and assistance received from the shareholders, bankers and employees during the year under review.

Other Information :

In terms of Section 217 (1) (e) of the Companies Act, 1956 (as amended) and the Companies (Disclosure or particulars in board of Directors) Rule, 1988 are either NIL or not applicable to the company.

On behalf of the Boards of Directors

Sd/=
Brij Mohan Kabra
Director

Place : Mumbai
Dated :30.08.2011

ANNEXURE TO THE DIRECTOR'S REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Industry Scenario and developments

Your company deals in financial activities. It provides finance on short term basis. However parties have defaulted in payment of interest during the year under review. Your company is making all its efforts to recover the same.

2) Opportunities and Threats

Since the parties have defaulted in payment of interest on loan given to them in earlier years, the threat therefore remains in respect of bad and doubtful assets, as the above loans are unsecured. However your company is making all possible efforts to see that all the dues are recovered, which if possible will improve your company's position.

3) Segment-wise Performance

Since your Company is operating in only one segment (i.e. Financial activity), hence the same is Not Applicable.

4) Outlook

If your company is able to recover the interest on finance provided to various parties, the outlook of your company seems to be good.

5) Risk and Concerns

The risk and concern of your company relates to loans provided to various parties since the same are unsecured. Hence the concern still remains on timely recovery of interest on such loan, which ultimately can have an effect on the performance of your company.

6) Internal Control system and their adequacy

Your company has an adequate internal control system, which ensures that all its assets are safeguarded from unauthorized use and that all the transactions are authorized recorded and reported properly. The internal control system also ensures that all the relevant statutes, rules, regulation and guidelines are strictly complied with. Your company also has an Audit committee manned by members with experience from various fields who along with the auditors constantly review the adequacy of internal control systems, strength and weaknesses and report their findings and suggestions to the top management so that adequate measures could be taken in time.

7) Financial performance vis-à-vis Operational performance

During the year under review, your company has incurred a loss of Rs59,632/61, before providing for Depreciation and taxation as compared to loss of Rs.75,555/61 incurred in the previous year. This was mainly on account of non- recovery of interest on loan given in earlier years.

8) Human Resources Development

Your company has always given importance to provide utmost satisfaction to its employees through better work environment and updating them of the current development in the market which would have a possible impact on the performance of your company on continuous basis, so that the major threat and challenges to your company can be met with ease.

- (1) *Brij Mohan Kabra - Chairman*
 (2) *Shri. Mukesh Kumar Nolkha - Member*
 (3) *Shri. Satyanarayan Kabra - Member*

The Audit Committee meetings were held on 30th April, 2010, 30th July 2010, 25th August, 2010, 29th October 2010 & 31st January, 2011. The attendance of each Audit Committee member is as under :-

Member	No. of Meetings Attended
<i>Mr. Brij Mohan Kabra</i>	5
<i>Mr. Mukesh Kumar Nolkha</i>	5
<i>Mr. Satyanarayan Kabra</i>	5

IV. Remuneration Committee :

The Board of Directors of the Company has not formed any Remuneration Committee as the same was not required.

V. Board Procedure :

The Board of Directors of the Company has met five times during the year. Agenda papers of each meeting along with explanatory statements were circulated in advance to all the Directors. All the relevant information as required under Clause 49 of the Listing Agreement were placed before the Board from time to time.

VI. Shareholders/Investors Committee :

The Board of Directors has constituted a Shareholders/Investors Committee on 30th April 2002 under the Chairmanship of Non Executive Director, Mr. Kumar Bagrodia. However the same has been reconstituted w.e.f. 21st December 2005 with further reconstitution on 31st March, 2007. During the year ended 31st March, 2011, no investor complaints were received. There were no share transfers pending for registration for more than 30 days as on the said date.

Details of Directors seeking re-appointment at the ensuing Annual General Meeting fixed on 24th September, 2011 are given hereunder: -

<i>Name of the Director</i>	<i>Mr. Satyanarayan Kabra</i>
<i>Date of Appointment</i>	<i>7th April 1986..</i>
<i>Expertise in Specific Functional areas</i>	<i>Rich Experience in Finance & Accounts.</i>
<i>List of Other Directorships held</i>	<i>1. Nalini Stockbrokers Pvt Ltd.</i>
<i>Chairman/Member of the committees of the Board of the other Companies on which he/she is a Director</i>	<i>NIL</i>

To expedite the process of share transfer the Company has appointed M/s. Purva Share Registry (India) Pvt. Ltd. as Registrar & Transfer Agents who completes share transfer formalities every fortnight.

VII. Compliance Certificate :

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

VIII. General Body Meetings :

(A) The details of the General Meetings held in last three years are as under :-

Date	Location	Time
24 th September, 2010	61, Mittal Tower, 6 th Floor B wing, 210 Nariman Point, Mumbai – 400 021.	11.30 A.M.
25 th September, 2009	61, Mittal Tower, 6 th Floor B wing, 210 Nariman Point, Mumbai – 400 021.	11.00 A.M.
30 th September, 2008	61, Mittal Tower, 6 th Floor B wing, 210 Nariman Point, Mumbai – 400 021.	11.00 A.M.

(B) No Special Resolution was put through postal ballot last year.

(C) No Special Resolution is proposed to be put through postal ballot this year.

IX. Disclosures :

(i) There are no materially Significant Transactions with related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with company's interest.

(ii) There have been no instances of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

X. Means of Communication :

Half – Yearly report sent to each household of shareholders	No
Quarterly results : Which newspapers normally published in	The Asian Age, Mumbai Mahanayak
Any website, where displayed	www.bseindia.com
Whether MD&A is a part of annual report	Yes

XI. General Shareholder Information :

- Twenty –Seventh Annual General Meeting of the Company will be held on Saturday, 24th September, 2011 at 11.30 a.m. at Registered Office of the Company at 61, 'B' Wing Mittal Tower, 6th Floor, 210, Nariman Point, Mumbai – 400 021.
- Financial Calendar 2011 – 2012 :
 - (a) First Quarterly Results : Before end of July, 2011.
 - (b) Second Quarterly Results : Before end of October, 2011.
 - (c) Third Quarterly Results : Before end of January, 2011.
 - (d) Fourth Quarterly Results : Before end of April, 2011.
- Date of Book Closure – Friday, 23rd September, 2011 and Saturday 24th September, 2011
- Dividend Payment Date – No Dividend is declared for the year.
- Listing on Stock Exchanges – The Shares of Company are listed on:
 - The Mumbai Stock Exchange.
 - Phorozee Jeejeebhoy Towers,
 - 25th Floor, Dalal Street,
 - Mumbai - 400 001.
- Listing Fees for the year 2010– 2011 has been paid to the Stock Exchange.
- Stock Code :- **512014**.
- Demat ISIN Number in CDSL : **INE754D01018**.
- Since there were no transactions on the Mumbai Stock Exchange for the period from 01.04.2010 to 31.03.2011, high/low prices during each month & performance in comparison to broad-based indices is not shown.

- *Registrar and Transfer Agent : M/s Purva Sharegistry (India) Private Limited, Shivshakti Ind. Estate, Gala No. 9, Sitaram Mills Compound, J.R.. Boricha Marg., Mahalaxmi – 400 011.*
- *Share Transfer System :- Share Transfers approved by the Board of Directors are registered & returned by the Registrar & Share Transfer Agent within a period of 30 days from the date of receipt, if the documents are clear in all respects.*
- *Distribution of Shareholding as on 31st March, 2011 :-*

Shareholding of Nominal value	No. of Shareholders (Folios)	% of Shareholders (Folios)	No. of Shares	% of Shareholding
<i>Up to 5000</i>	220	92.05	37,520	15.63
<i>5001-10000</i>	8	3.35	6,600	2.75
<i>10001-20000</i>	3	1.26	4,550	1.90
<i>20001-30000</i>	1	0.42	2,250	0.94
<i>30001-40000</i>	2	0.84	7,500	3.13
<i>40001-50000</i>	1	0.42	5,000	2.08
<i>50001-100000</i>	0	0.00	0	0.00
<i>100001 & above</i>	4	1.67	1,76,580	73.58
Total	239	100.00	2,40,000	100.00

Category	No. of Shareholders (Folios)	% of Shareholders (Folios)	No. of Shares	% of Shareholding
<i>Promoters</i>	3	1.26	82,830	34.51
<i>Resident Individual</i>	236	98.74	1,57,170	65.49
<i>Corporate Bodies</i>	000	00.00	0,00,000	00.00
<i>Financial Institutions</i>	000	00.00	0,00,000	00.00
<i>Nationalised Banks and Mutual Funds</i>	000	00.00	0,00,000	00.00
<i>FII's</i>	000	00.00	0,00,000	00.00
<i>NRI's and OCB's</i>	000	00.00	0,00,000	00.00
Total	239	100.00	2,40,000	100.00

- ***Dematerialisation of Shares and Liquidity*** :- 82,830 shares representing 34.51% of Company's total shares were held in dematerialized form as on 31st March, 2010 and the balance 1,57,170 shares representing 65.49% of Company's total shares were held in physical form.
- ***Address for Correspondence*** : M/s. Sobhagya Mercantile Limited.
61, Mittal Tower, 'B' Wing,
210, Nariman Point,
Mumbai - 400 021.

**ANNEXURE TO THE DIRECTOR'S REPORT
COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

*The Members of
M/s. Sobhagya Mercantile Limited
Mumbai.*

CERTIFICATE

We have examined the compliance of conditions of Corporate Governance by Sobhagya Mercantile Limited, Mumbai, for the year ended on 31.03.2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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.

*For R. Daliya & Associates
Chartered Accountants*

Sd/=

*R.S. Daliya.
Proprietor*

*Place : Mumbai
Dated : 30.08.2011.*

*FRN : 102060W
PAN : AEGPD4954A*

R. DALIYA & ASSOCIATES

CHARTERED ACCOUNTANTS

127, LINKWAY ESTATE,

LINK ROAD,

MALAD (WEST),

MUMBAI – 400 064.

Tel.: 28787880, Telefax : 28754913.

E-mail : rsdaliya@ gmail.com

A U D I T O R S ' R E P O R T

To,
The Members of,
Sobhagya Mercantile Limited.

We have audited the attached Balance Sheet of Sobhagya Mercantile Limited as at 31st March, 2011 and related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report that :

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.
2. Further to our comments in the statement referred to in paragraphs 1 above, we state 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.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from directors of the Company, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with significant Policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity accounting principles generally accepted in India :

R. DALIYA & ASSOCIATES

CHARTERED ACCOUNTANTS

127, LINKWAY ESTATE,

LINK ROAD,

MALAD (WEST),

MUMBAI - 400 064.

Tel.: 28787880, Telefax : 28754913.

E-mail : rsdaliya@gmail.com

- i) *In the case of the Balance Sheet of the state of affairs of the Company for the year ended on 31st March, 2011;*
- ii) *In the case of the Profit & Loss Account of the Loss of the Company for the year ended on that date; and*
- iii) *In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

*For R. Daliya & Assocites
Chartered Accountants*

Sd/-

*Place : Mumbai
Dated :30.08.2011.*

*R.S. Daliya.
Proprietor
FRN :102060W
PAN:AEGPD4954A*

R. DALIYA & ASSOCIATES

CHARTERED ACCOUNTANTS

127, LINKWAY ESTATE,

LINK ROAD,

MALAD (WEST),

MUMBAI – 400 064.

Tel.: 28787880, Telefax : 28754913.

E-mail : rsdaliya@ gmail.com

STATEMENT REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1. *The Company has maintained adequate records to show full particulars including quantitative details and situation of fixed assets. According to the explanations given to us the Fixed assets of the company have been verified by the Management during the year and no significant discrepancies between the book records and physical verification have been noticed. No Fixed Assets have been disposed off during the year.*
2. *The Company did not have inventory at any point of time during the year.*
3. *The Company has not granted or taken any loan, secured or unsecured, to or from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 except interest free unsecured loans amounting to Rs. 1,15,800/- taken from Mr. Kumaar Bagrodia, terms & conditions of which are not prejudicial to the interest of the company. Maximum balance outstanding at any time during the year was Rs. 1,15,800/-. As informed to us, there is no company under the same management as defined under section 370(1-B) of the Companies Act, 1956.*
4. *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 nature of the business for the purchase of Fixed Assets. In our opinion, and according to the information & explanations given to us, there was no continuing failure to correct major weakness in internal control.*
5. *In our opinion and according to the information and explanations given to us, there were no transactions which needed to be entered into a register in pursuance of section 301 of the Companies Act, 1956.*
6. *In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.*
7. *We have been informed that as the Company's internal control procedures ensure reasonable checking of its financial and other records, the Company has not yet started a formal internal Audit department.*
8. *We have been informed that the Company was not required to maintain cost records under section 209 (1) (d) of the Companies Act, 1956.*
9. *a) There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty and Investor Protection Fund as at 31st March, 2011 which are outstanding for period of more than six months from date they became payable*

R. DALIYA & ASSOCIATES

CHARTERED ACCOUNTANTS

127, LINKWAY ESTATE,

LINK ROAD,

MALAD (WEST),

MUMBAI – 400 064.

Tel.: 28787880, Telefax : 28754913.

E-mail : rsdaliya@gmail.com

- b) *There are no dues in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty and any other Statutory dues which have not been deposited on account of any dispute.*
10. *The Company's accumulated losses at the end of the financial year do not exceed 50% of its net worth. However cash loss was reported in the previous year.*
 11. *The company did not have any outstanding debentures or outstanding loans from any financial institution or bank during the year.*
 12. *During the year, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.*
 13. *The provision of any special statute applicable to chitfund/ nidhi/ mutual benefit fund/ societies are not applicable to the company.*
 14. *The Company has maintained proper records in respect of transactions and contracts related to dealings in Shares, Securities, Debentures and other investments. As explained to us, timely entries have been made therein. Shares and Debentures have been held by the Company in its own name except for certain shares which are lodged for transfer.*
 15. *In our opinion and according to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.*
 16. *The company has no term loan outstanding at any point of time during the year.*
 17. *On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.*
 18. *The company has not made any preferential allotment of share to parties and companies covered in the Register maintained under section 301 of the Act at any point of time during the year.*
 19. *The company has no outstanding debentures at any point of time during the year, hence creation of security does not arise.*
 20. *The company has not raised any money by public issue during the year.*
 21. *During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the company, nor have been informed of any such case by the management.*

**For R. Daliya & Associates
Chartered Accountants**

**Sd/-
R.S. Daliya.
Proprietor**

**Place : Mumbai
Dated : 30.08.2011.**

M/s. SOBHAGYA MERCANTILE LIMITED

SCHEDULE - "C"

FIXED ASSETS :

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	AS AT 01/04/2010	ADDITION DURING THE YEAR	TOTAL AS AT 31/03/2011	UP TO 01/04/2010	FOR THE YEAR	UP TO 31/03/2011	AS AT 31/03/2010	AS AT 31/03/2011
OFFICE EQUIPMENT	34,078.30	-	34,078.30	29,883.24	583.52	30,466.76	4,195.06	3,611.54
COMPUTER EQUIPMENTS	143,080.00	-	143,080.00	140,394.22	1,074.31	141,468.53	2,685.78	1,611.47
ELECTRIC INSTALLATIONS	19,445.00	-	19,445.00	18,695.48	104.26	18,799.74	749.52	645.26
FURNITURE & FIXTURES	116,433.60	-	116,433.60	113,759.02	484.10	114,243.12	2,674.58	2,190.48
CURRENT YEAR	313,036.90	-	313,036.90	302,731.96	2,246.19	304,978.15	10,304.94	8,058.75
PREVIOUS YEAR	313,036.90	-	313,036.90	299,551.45	3,180.51	302,731.96	13,485.45	10,304.94

**M/s. SOBHAGYA MERCANTILE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011.**

	SCHEDULES	AS ON 31.03.2011	AS ON 31.03.2010
I SOURCES OF FUNDS :			
A Share Holders Fund :			
Share Capital	"A"	2,365,250.00	2,365,250.00
Reserves & Surplus	"B"	241,518.40	303,397.20
		<u>2,606,768.40</u>	<u>2,668,647.20</u>
B Loan Funds :			
Secured Loans		-	-
Unsecured Loans		453,800.00	338,000.00
		<u>453,800.00</u>	<u>338,000.00</u>
TOTAL		3,060,568.40	3,006,647.20
II APPLICATION OF FUNDS :			
A Fixed Assets :	"C"		
Gross Block		313,036.90	313,036.90
Less : Provision for Depreciation		304,978.15	302,731.96
Net Block		<u>8,058.75</u>	<u>10,304.94</u>
B Investments	"D"	1,026,760.00	1,026,760.00
C Current Assets, Loans & Advances :			
a) Cash in hand		2,610.75	12,382.75
b) Bank Balances		10,524.90	11,104.22
c) Loans and Advances	"E"	2,026,026.00	2,026,026.00
		<u>2,039,161.65</u>	<u>2,049,512.97</u>
Less : Current Liabilities & Provisions			
a) Liabilities	"F"	13,412.00	79,930.71
b) Provisions	"G"	-	-
		<u>13,412.00</u>	<u>79,930.71</u>
Net Current Assets		<u>2,025,749.65</u>	<u>1,969,582.26</u>
D Miscellaneous Expenditure (to the extent not written off or adjusted).		-	-
TOTAL		3,060,568.40	3,006,647.20
NOTES TO ACCOUNTS	"J"	-	-

AS PER OUR REPORT OF EVEN DATE ATTACHED
For **R. DALIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

For **SOBHAGYA MERCANTILE LIMITED**

Sd/= **R.S. DALIYA**
PROPRIETOR

Sd/= **Brij Mohan Kabra**
(Director)

Sd/= **Satyanarayan Kabra**
(Director)

Place : **Mumbai**
Dated : **30.8.2011**

M/s. SOBHAGYA MERCANTILE LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011.

	SCHEDULES	CURRENT YEAR 31.03.2011	PREVIOUS YEAR 31.03.2010
I INCOME :			
Dividend		22,286.00	21,118.00
TOTAL		22,286.00	21,118.00
 II EXPENDITURE :			
Administrative & Other Expenses	"H"	80,615.31	95,171.61
Interest & Financial Charges	"I"	1,303.30	1,502.00
Depreciation		2,246.19	3,180.51
TOTAL		84,164.80	99,854.12
 PROFIT BEFORE TAXATION		(61,878.80)	(78,736.12)
Less : Short provision for taxation(A. Y:2001-02)		-	453.00
PROFIT AFTER TAXATION		(61,878.80)	(79,189.12)
Add : Balance b/f from Last Period		303,397.20	382,586.32
 BALANCE TO BE CARRIED FORWARD		241,518.40	303,397.20
 Earnings Per Share of Nominal value of Rs:10/- each		(0.26)	(0.33)

NOTES TO ACCOUNTS
(Schedules referred to above form integral part of accounts)

"J"

AS PER OUR REPORT OF EVEN DATE ATTACHED
For R. DALIYA & ASSOCIATES
CHARTERED ACCOUNTANTS

For **SOBHAGYA MERCANTILE LIMITED**

Sd/=

Sd/=

Sd/=

R.S. DALIYA
PROPRIETOR

Brij Mohan Kabra
(Director)

Satyanarayan Kabra
(Director)

Place : Mumbai.
Dated : 30.8.2011

M/s. SOBHAGYA MERCANTILE LIMITED

	AS ON 31.03.2011	AS ON 31.03.2010
<u>SCHEDULE "A" :-</u>		
SHARE CAPITAL :		
Authorized Share Capital (2,50,000 Equity Shares of Rs. 10/- each)	2,500,000.00	2,500,000.00
	2,500,000.00	2,500,000.00
Issued, Subscribed & Paid Up Capital (2,40,000 equity shares of Rs. 10/- each)	2,400,000.00	2,400,000.00
Less : Calls - in - arrears	34,750.00	34,750.00
	2,365,250.00	2,365,250.00
UNSECURED LOANS:		
a) From Director	-	-
b) From Shareholder Kumaar Bagrodia	115,800.00	-
Mangalam Exim Pvt Ltd	338,000.00	338,000.00
	453,800.00	338,000.00
<u>SCHEDULE "B" :-</u>		
RESERVES & SURPLUS :		
Profit as per the last Balance Sheet	303,397.20	382,586.32
Add : Profit/(Loss) for the year	(61,878.80)	(79,189.12)
	241,518.40	303,397.20
<u>SCHEDULE "D" :-</u>		
INVESTMENTS :		
(Quoted Share)		
1000 Arvind Products Limited	98,170.00	98,170.00
39200 GSL Securities Limited	390,220.00	390,220.00
10 ICICI Bank Limited	90,270.00	90,270.00
7500 Jai Prakash Associates Limited	21,000.00	21,000.00
44 BPCL	11,000.00	11,000.00
Issued in lieu of 100 shares of Kochi Refinery Limited	-	-
550 Orkay Industries Limited	11,600.00	11,600.00
5000 Steel Authority of India Limited	404,500.00	404,500.00
	1,026,760.00	1,026,760.00
(Market Value fo Quoted Investment as on 31/03/2011 is Rs 18,34,955).		

M/s. SOBHAGYA MERCANTILE LIMITED

SCHEDULE "E" :-

LOANS & ADVANCES :

Loans & Advances : (Unsecured & Considered Good)
Advances recoverable in cash or in kind or for value
to be received.
Advance Taxes & T.D.S.

1,971,250.00	1,971,250.00
54,776.00	54,776.00
2,026,026.00	2,026,026.00

SCHEDULE "F" :-

LIABILITIES :

Sundry Creditors
Outstanding Liabilities

9,000.00	66,976.00
4,412.00	12,954.71
13,412.00	79,930.71

SCHEDULE "G" :-

Provision for taxation

-	-
-	-

SCHEDULE "H" :-

ADMINISTRATIVE & OTHER EXPENSES :

Audit Fees
Filing Fees
Printing & Stationery
Postage & Courier
Annual Custodial Fees
Professional Charges
Share Transfer & Demat Expenses
General Expenses

5,000.00	5,000.00
2,500.00	18,300.00
2,272.00	3,241.50
2,500.00	2,450.00
13,236.00	13,236.00
11,000.00	12,500.00
17,648.00	13,236.00
26,459.31	27,208.11
80,615.31	95,171.61

SCHEDULE "I" :-

INTEREST & FINANCIAL CHARGES :

Bank Charges
Demat Charges

90.00	840.00
1,213.30	662.00
1,303.30	1,502.00

SUB - SCHEDULE FOR BALANCE SHEET & PROFIT & LOSS ACCOUNT :**Advances recoverable in cash or in kind or for value to be received :**

Bijay Chokhani	708,500.00	708,500.00
M/s. Onwa Electronics Pvt. Ltd.	636,000.00	636,000.00
M/s. Satya Impex	626,750.00	626,750.00
	<u>1,971,250.00</u>	<u>1,971,250.00</u>

Advance Taxes & T.D.S. :

Refund Receivable(A. Y.:2001-02)	14,565.00	14,565.00
Refund Receivable(A. Y.:2002-03)	21,518.00	21,518.00
Refund Receivable(A. Y.2003-04)	13,693.00	13,693.00
Refund Receivable(A. Y.2006-07)	5,000.00	5,000.00
	<u>54,776.00</u>	<u>54,776.00</u>

Sundry Creditors :

R.Daliya & Associates	9,000.00	42,796.00
Gagrani & Gagan	-	24,180.00
	<u>9,000.00</u>	<u>66,976.00</u>

Provision for Taxation :

Provision for Taxation as per last year's Balance Sheet	21,472.00	21,472.00
Less : Provision for Taxation for A. Y. 2007-08	-	-
	<u>21,472.00</u>	<u>21,472.00</u>

Outstanding Liabilities :

Share Transfer & Demat Exps. Payable	4,412.00	6,618.00
Legal & Press Release Charges Payable	-	6,336.71
	<u>4,412.00</u>	<u>12,954.71</u>

General Expenses :

Company Profession Tax	2,500.00	2,500.00
Legal Press Release Expenses	12,929.31	13,678.11
Annual Listing Fee	11,030.00	11,030.00
	<u>26,459.31</u>	<u>27,208.11</u>

M/s. SOBHAGYA MERCANTILE LIMITED

Balance Sheet abstract and Company's General Business Profile as per Schedule VI Part (iv) of the Companies Act, 1956.

1. REGISTRATION DETAILS :

(a) Registration No. :	31671
(b) Status Code :	11 (Maharashtra)
(c) Balance Sheet :	31st March, 2011

2. CAPITAL RAISED DURING THE YEAR

(a) Public Issue	NIL
(b) Bonus Issue	NIL
(c) Right Issue	NIL
(d) Private Placement(Promoter's Contribution)	NIL

3. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS :

TOTAL ASSETS	3060568
TOTAL LIABILITIES	3060568

SOURCES OF FUNDS

1. Paid up Capital	2365250
2. Reserve & Surplus	241518
3. Loan Funds	453800

APPLICATION OF FUNDS :

1. Net Fixed Assets	8059
2. Investments	1026760
3. Net Current Assets	2025750
4. Misc. Expenses	0

4. PERFORMANCE OF THE COMPANY :

1. Total Income	22286
2. Total Expenditure	84165
3. Profit before Tax	-61879
4. Profit after Tax	-61879
5. Earning per share :	
Basic	-0.26
Diluted	-0.26
6. Dividend (in %)	NIL

5. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY.

1. Item Code :	
2. Products Description	Dividend Income

For **SOBHAGYA MERCANTILE LIMITED**

Sd/= **Brij Mohan Kabra**
(Director)

Sd/= **Satyanarayan Kabra**
(Director)

Place : **Mumbai.**
Dated : **30.8.2011**

M/s. SOBHAGYA MERCANTILE LIMITED
CASH FLOW STATEMENT

	2010-2011 (Amounts in Rs.)	2009-2010 (Amounts in Rs.)
A. <u>Cash Flow From Operating Activities :</u>		
Net Profit before tax & extraordinary items	(61,879)	(78,736)
Add : Depreciation	2,246	3,181
Add : Non Cash Expenses	13,412	30,455
Operating Profit before Working Capital change....	(46,221)	(45,101)
Adjustment for :		
(Increase)/Decrease in Loans & Advances	-	-
Increase/(Decrease) in Current Liabilities	(79,931)	(10,026)
Cash Generated from Operations	(126,151)	(55,127)
Less : Direct Tax Paid	-	-
Net Cash Flow from Operating Activities	(126,151)	(55,127)
B. <u>Cash Flow From Investing Activities :</u>		
Purchase of Fixed Asset	-	-
Sale of Investment	-	-
C. <u>Cash Flow From Financing Activities :</u>		
Unsecured Loans From Shareholder	115,800	(273,450)
Unsecured Loans From Body Corporate	-	338,000
Net Increase/(Decrease) in Cash & Cash Equivalent..	(10,351)	9,423
Cash & Cash Equivalent at the beginning...	23,487	14,064
Cash & Cash Equivalent at the year end..	13,136	23,487

For **SOBHAGYA MERCANTILE LIMITED**

Sd/= **Brij Mohan Kabra**
(Director)

Sd/= **Satyanarayan Kabra**
(Director)

Place : Mumbai
Dated :30.08.2011

To,
The Board Of Directors,
M/s. Sobhagya Mercantile Limited

We have examined the above Cash Flow Statement of M/s. Sobhagya Mercantile Limited for the year ended on 31.03.2011. The Statement has been prepared by the company in accordance with the requirement of Clause 32 of the Listing Agreement with the corresponding Profit & Loss A/c & Balance Sheet of the company covered by our report dated 30.08.2011 to the members of the company.

For **R. DALIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

R.S. DALIYA
PROPRIETOR
Place : Mumbai
Dated : 30.08.2011

SOBHAGYA MERCANTILE LIMITED

Schedule-J

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS:

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements:-

(a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and as per the Accounting Standards referred to in Section 211(3C) of the Companies Act.

(b) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2. Fixed Assets:-

Fixed Assets are stated at cost less depreciation. The cost is inclusive of interest and incidental expenses incurred during construction period .

3. Depreciation:-

Depreciation on all Tangible assets is provided on WDV Method as per Section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. However ,Depreciation on Assets purchased During the Year have been Provided at the Rates specified in the Schedule XIV to Companies Act,1956.

Investments:-

Long term investments are carried at cost.

4. Valuation of Inventories:-

Items of inventories are valued at lower of cost or net realisable value. Cost of inventories comprise of all costs: purchase, cost of conversion and other costs incurred in bringing the inventory to their present condition.

5. Revenue Recognition:-

Revenue (Income) is recognised only when it is reasonably certain that the ultimate collection will be made. Revenue and Expenses are accounted on an accrual basis and at historical cost.

Sales:-

Sales are recognised on despatch of material to customers. Sales are inclusive of Excise Duty and net of trade discount, rebates and indirect taxes payable. Rebates and discounts are accounted for as and when determined.

6. Expenses:-

Material known liabilities are provided for on the basis of available information/estimates. Expenses are accounted on an accrual basis and at historical cost.

7. Contingent Liabilities:-

Contingent Liabilities are disclosed by way of Notes forming part of Accounts. Provision is made in the accounts for those liabilities which are likely to materialise after the year end till the Finalisation of accounts and having effect on the position stated in the Balance Sheet as at the year end.

8. Employee benefits :-

The company has not provided for Gratuity and Leave encashment benefits till 31.03.2011. The retirement benefits will be debited as and when paid.

9. Foreign Exchange Transactions:-

a) Transactions in Foreign Currency are accounted at the exchange rate prevailing on the date of Transactions. Exchange fluctuations between the transaction date and the settlement date in respect of Revenue Transactions are recognized in Profit & Loss A/c.

b) All export proceeds not realised at the year end are restated at the rate prevailing at the year end.

The exchange difference arising there from has been recognised as income / expenses in the Current Year's Profit & Loss A/c along with underlying transaction.

c) The premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of

forward exchange contracts is recognised as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

10. Borrowing Costs:-

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

11. Taxes on Income:-

Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, after taking into consideration benefits admissible under the provisions of the Income - Tax Act, 1961.

Deferred tax liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is not recognised unless, in the management judgment, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

12. Earning per Share:-

The Company reports Earnings Per Share (EPS) in accordance with Accounting Standard 20 on "Earnings per share".

13. Segment Reporting:-

The Company is operating in single segment.

14. Impairment Loss:

Impairment loss is recognised wherever the Carrying Amount of an asset is in Excess of its recoverable amount as at the Balance Sheet Date.

B. NOTES TO ACCOUNTS:-

1. Related Party Disclosure:-

(i) Particulars of Related Parties:

<i>Name of the Related Party</i>	<i>Nature of Relationship</i>
1) Mangalam Exim Private Limited	Share Holder

Companies under the same Management:-

There is no Company Under Same Management.

Key Managerial Personnel:-

- i) Mr. Satyanarayan Kabra.
- ii) Mr. Brij Mohan Kabra.
- iii) Mr. Mukesh Kumar Nolkha.

(ii) Transactions with Related Parties:

- 1) Unsecured Loan taken from Shareholder, Mr. Kumaar Bagrodia Rs. 1,15,800/-, which has not been repaid.

2. Auditors Remuneration:-

Particulars	(Rs.)	
	31st March ,11	31st March, 10
Audit Fees	5000	5000
Other Fees	-	-
Total Fees	5000	5000

3. Other information required under Part II of Schedule VI of the Companies Act, 1956 are either Nil or Not Applicable to the Company.
4. Balance of Loans & advances, Sundry Debtors, Creditors, Banks, Current Liabilities & Current assets are subject to their confirmation. In absence of Proper address on records, we are unable to Verify the same through External Resources and accepted as certified by the Management.
5. The requirement regarding licenses & installed capacity is not applicable to the Company.
6. No employee is in receipt of remuneration aggregating to Rs. 24.00 Lacs/- p.a. if employed for the year and Rs. 2.00 Lacs/- p.m. if employed for the part of the year.

7. Quantitative information: Not Applicable.
8. Previous year's figures have been regrouped or rearranged wherever considered necessary.
9. Basic & Diluted Earning per share Rs. 0.26 as below :

Number of Equity Shares at beginning	240000
Number of Equity Shares at end	240000
Weighted Average Number of Equity Shares	240000
Face Value Rs.10 Each	
Loss	Loss Rs.61879
Basic & diluted Earning Per Share (Loss)	(0.26)

10. There were No outstanding Dues to Micro, Small and Medium Enterprises to the Extent Information Available with the Company and the Payments in respect of such suppliers are made within the appointed day.
11. Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation under the prevailing tax laws are recognized only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The details of Deferred Tax Assets / (Liabilities) are as under :

WDV as per books as on 31.03.2011	8059
WDV as per IT as on 31.03.2011	9102
Bal	1043
Carried forward Business losses /unabsorbed dep	212864
total	213907
Deferred tax Asset for the year @ 30.90%	66097
Add : Deferred Tax Asset as on 31.03.2010	46616
Total Deferred Tax Asset as on 31.3.2011	66097
For the Year	19481

In view of lack of reasonable certainty that future taxable income will arise, no deferred tax assets have been recognized.

12. In the opinion of the Board of Directors Current Assets Loan & advance are approximately of the value stated in the Balance sheet if realized in the ordinary course of business.
13. Contingent Liabilities- NIL
14. Foreign Currency Transactions - NIL

As per our report of even date

For **R. DALIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

Sd/=

R.S. DALIYA
PROPRIETOR

PLACE : MUMBAI
DATE : 30.08.2011

For **SOBHAGYA MERCANTILE LTD**

Sd/=

SATYANARAYAN KABRA
DIRECTOR