

NOTICE

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting of M/s. SOBHAGYA MERCANTILE LIMITED will be held on Friday, 20th September, 2013 at 12.00 p.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, 2013 and the Director's Report and Auditor's Report thereon.
2. To appoint director in place of Mr. Brij Mohan 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 : 30.05.2013

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 Wednesday, 18th September, 2013 to Thursday, 19th September, 2013.
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-Ninth Annual Report with the audited statement of Accounts for the year ended 31st March 2013.

Financial Results :

Summary of the working result of the company for the Twenty-Ninth Accounting Year ended 31st March , 2013 are given as below :

	2012-2013	2011-2012
	Amount (Rs)	Amount (Rs)
Profit before depreciation	(115,091)	(75,116)
Less : Depreciation	1,220	1,632
Profit before taxation	<u>(116,311)</u>	<u>(76,748)</u>
Less : Provision for Deferred Tax Liability	-	-
Profit after taxation	(116,311)	(76,748)
Add : Balance b/f from last year	164,770	241,518
	<u><u>48,459</u></u>	<u><u>164,770</u></u>

Dividend :

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

Director :

Mr. Brij Mohan 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, 2013 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, 2013 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 2012–13 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*

*Sd/-
Kaushal Mehta
Director*

***Place : Mumbai
Dated :30.05.2013***

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 Rs. 1,15,091/- (P.Y. Rs. 75,116/-), before providing for Depreciation and taxation. 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.

9) Conclusion

Your company though made consistent efforts & drive to reducing operating cost and to utilize the available resources properly, but still your company was unable to make any good profit during the year, which was mainly on account of non-receipt of interest in the current year.

ANNEXURE TO THE DIRECTOR'S REPORT REPORT ON CORPORATE GOVERNANCE

The concept of Corporate Governance has been made mandatory through Clause 49 of the Listing Agreement in order to make management accountable to the shareholders for protection of their interest and effective management of the companies in the interest of the company. Your company has made every effort to comply with the provisions of the Corporate Governance and to see that the interest of the Shareholders and the Company are properly served for long. The details of compliance of the Corporate Governance by the Company are as follows :

I. Company's philosophy on Corporate Governance :

Your Company has always given importance to attain the highest level of transparency, accountability and to built up confidence of the investors, employees and others through their operations and interactions and to see that the value of Shareholders are maximized.

II. Board of Directors :

(A) Composition of Board :

The Board of Directors of the company comprises of three members with experiences in various fields. The Composition of Board of Directors is as follows:

Director	Executive/Non-Executive/Independent	No. of Outside Directorship held		No. of Outside Committee positions held	
		Public	Private	Member	Chairman/Chairpers on
<i>Mr. Brijmohan Kabra</i>	<i>Independent Non-Executive Director</i>	<i>Nil</i>	<i>02</i>	<i>Nil</i>	<i>Nil</i>
<i>Mr. Mukesh Nolkha</i>	<i>Independent Non-Executive Director</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Mr. Kaushal Mehta</i>	<i>Independent Non-Executive Director</i>	<i>01</i>	<i>Nil</i>	<i>01</i>	<i>01</i>

(B) Number of Board Meetings held & attended by Directors:

- (i) Six Meetings of the Board of Directors were held during the year ended 31st March, 2012. These were held on :-
- | | |
|------------------------------------|------------------------------------|
| (1) 30 th April, 2012 | (2) 30 th May, 2012 |
| (3) 13 th July, 2012 | (4) 31 st July, 2012 |
| (5) 31 st October, 2012 | (6) 31 st January, 2013 |
- (ii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on 31st March, 2013 and of the last Annual General Meeting is as under :

Directors	No. of Board Meetings		Attended last AGM
	Held	Attended	
<i>Mr. Brijmohan Kabra</i>	<i>6</i>	<i>6</i>	<i>Yes</i>
<i>Mr. Mukeshkumar Nolkha</i>	<i>6</i>	<i>6</i>	<i>Yes</i>
<i>Mr. Kaushal Mehta</i>	<i>6</i>	<i>6</i>	<i>No</i>

No Director is related to other Directors on the Board.

III. Audit Committee :

An Audit Committee was constituted by the Board of Directors on 31st October, 2002 to look after various matters which are in conformity with the requirements as per Clause 49 of the Listing Agreement with Stock Exchanges & consist of the following members:-

- (1) Brij Mohan Kabra - Chairman
- (2) Shri. Mukesh Kumar Nolkha - Member
- (4) Shri. Kaushal A. Mehta – Member

The Audit Committee meetings were held on 30th April, 2012, 30th May, 2012, 31st July, 2012, 31st October 2012 & 31st January, 2013. The attendance of each Audit Committee member is as under :-

Member	No. of Meetings Attended
Mr. Brij Mohan Kabra	5
Mr. Mukesh Kumar Nolkha	5
Mr. Kaushal Mehta	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, 2013, 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 20th September, 2013 are given hereunder: -

Name of the Director	Mr. Brij Mohan Kabra
Date of Appointment	7 th April, 1986
Expertise in Specific Functional areas	Rich Experience in Finance & Accounts.
List of Other Directorships held	1. Uttam Holdings Ltd. 2. Harivatsa Education Pvt. Ltd.
Chairman/Member of the committees of the Board of the other Companies on which he/she is a Director	NIL

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
21 st September, 2012	61,Mittal Tower, 6 th Floor B wing,210 Nariman Point, Mumbai – 400 021.	11.00 A.M.
24 th September, 2011	61,Mittal Tower, 6 th Floor B wing,210 Nariman Point, Mumbai – 400 021.	11.30 A.M.
24 th September, 2010	61,Mittal Tower, 6 th Floor B wing,210 Nariman Point, Mumbai – 400 021.	11.30 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 Satyawarta
Any website, where displayed	www.bseindia.com
Whether MD&A is a part of annual report	Yes

XI. General Shareholder Information :

- Twenty –Ninth Annual General Meeting of the Company will be held on Friday, 20th September, 2013 at 12.00 p.m. at Registered Office of the Company at 61, 'B' Wing Mittal Tower, 6th Floor, 210, Nariman Point, Mumbai – 400 021.
- Financial Calendar 2013 – 2014 :
 - (a) First Quarterly Results : Before end of July, 2013.
 - (b) Second Quarterly Results : Before end of October, 2013.
 - (c) Third Quarterly Results : Before end of January, 2014.
 - (d) Fourth Quarterly Results : Before end of April, 2014.
- Date of Book Closure – Wednesday, 18th September, 2013 to Thursday 19th September, 2013
- 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 2012– 2013 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 01.04.2012 to 31.03.2013, 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, 2013 :-

Shareholding of Nominal value	No. of Shareholders (Folios)	% of Shareholders (Folios)	No. of Shares	% of Shareholding
Up to 5000	220	92.05	37,520	15.63
5001-10000	8	3.35	6,600	2.75
10001-20000	3	1.26	4,550	1.90
20001-30000	1	0.42	2,250	0.94
30001-40000	2	0.84	7,500	3.13
40001-50000	1	0.42	5,000	2.08
50001-100000	0	0.00	0	0.00
100001 & above	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
Promoters	3	1.26	82,830	34.51
Resident Individual	236	98.74	1,57,170	65.49
Corporate Bodies	000	00.00	0,00,000	00.00
Financial Institutions	000	00.00	0,00,000	00.00
Nationalised Banks and Mutual Funds	000	00.00	0,00,000	00.00
FHIs	000	00.00	0,00,000	00.00
NRIs and OCBs	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, 2012 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 31.03.2013 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*

*Place : Mumbai
Dated : 30.05.2013.*

*Sd/-
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

INDEPENDENT AUDITOR'S REPORT

To

The Members of

SOBHAGYA MERCANTILE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SOBHAGYA MERCANTILE LIMITED**, ("the company") which comprise the Balance Sheet as at **31/03/2013**, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of financial position, financial performance 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") The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

R. DALIYA & ASSOCIATES
CHARTERED ACCOUNTANTS

127, LINKWAY ESTATE,
LINK ROAD,
MALAD (WEST),
MUMBAI - 400 064.
Tel.: 28787880, Telefax : 28754913.
E-mail : rsdaliya@gmail.com

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31/03/2013;*
- (b) in case Statement of Profit and Loss Account, of the **Loss** for the year ended on that date; and*
- (c) in case of Cash Flow Statements, of the Cash Flows for the year ended on that date.*

Report on Other Legal and Regulatory Requirements

1. *As required by the Companies (Auditor's Report) Order,2003("the order") issued by Central Government of India in terms of sub-section (4A) of section 227 of the Act, We give in the Annexure a statements 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 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 examinations of those books;*
 - c. *the Balance Sheet, Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;*
 - d. *In our opinion , the Balance Sheet, Statement of Profit and Loss, 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 the directors as on 31/03/2013 and taken on record by the Board of Directors, none of the director is disqualified as on 31/03/2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.*

For R. Daliya & Associates
Chartered Accountants

Place : Mumbai
Dated :30.05.2013.

Sd/-
R.S. Daliya.
Proprietor
FRN :102060W
PAN:AEGPD4954A

**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. 79,000/- taken from Mr. Kumar 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. 2,79,800/-. 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, 2013 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 : 30.05.2013.

SOBHAGYA MERCANTILE LIMITED
BALANCE SHEET AS AT 31st March, 2013

Particulars	Note No	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
I EQUITY AND LIABILITIES			
1 Shareholder's Funds			
a Share Capital	2	2,365,250	2,365,250
b Reserves and Surplus	3	48,460	164,771
2 Current Liabilities			
a Short Term Borrowings	4	617,800	538,800
b Trade Payables	5	40,626	20,668
Total		3,072,136	3,089,489
II ASSETS			
1 Non-current assets			
a Fixed Assets			
Tangible Assets	6	5,207	6,427
b Non-current investments	7	1,016,943	1,026,760
c Long term Loans and Advances	8	1,971,250	1,971,250
2 Current assets			
a Cash and cash equivalents	9	23,960	30,276
b Short-term loans and advances	10	54,776	54,776
Total		3,072,136	3,089,489
Significant accounting policies	1		

Other Notes on accounts from Nos 14 to 25
are an integral part of the Financial Statements

As per our report of even date,
For **R. DALIYA & ASSOCIATES**
Chartered Accountants

For and on behalf of the board of Directors

Sd/-

Sd/-

Sd/-

R.S. DALIYA
Proprietor
Membership No.
Place : Mumbai
Date : 30/05/2013

BRIJMOHAN KABRA
Director

KAUSHAL MEHTA
Director

SOBHAGYA MERCANTILE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March, 2013

PARTICULARS	Note No	For the Year ended on March 31 ,2013 Rs.	For the Year ended on March 31 ,2012 Rs.
INCOME			
Other Income	11	16,489	15,756
Total Revenue		<u>16,489</u>	<u>15,756</u>
EXPENSES			
Finance Costs	12	929	278
Depreciation and Amortization Expenses	6	1,220	1,632
Other expenses	13	130,651	90,594
Total Expenses		<u>132,800</u>	<u>92,504</u>
Profit/Loss(-) before tax		<u>(116,311)</u>	<u>(76,748)</u>
Tax expenses:			
Current tax		-	-
		-	-
Profit (Loss) for the period		<u>(116,311)</u>	<u>(76,748)</u>
Earnings per equity share Basis and diluted	19	(0.48)	(0.32)
Significant accounting policies	1		

Other Notes on accounts from Nos 14 to 25
are an integral part of the Financial Statements

As per our report of even date,
For **R. DALIYA & ASSOCIATES**
(Chartered Accountants

Sd/-

I.R.S. DALIYA
Proprietor
Membership No.
Place : Mumbai
Date : 30/05/2013

For and on behalf of the board of Directors

Sd/-

BRIJMOHAN KABRA
Director

Sd/-

KAUSHAL MEHTA
Director

SOBHAGYA MERCANTILE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
		For the Year Ended March 31, 2013		For the Year Ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit after tax		(116,311)		(76,748)
Adjustments for :				
- Depreciation	1,220		1,632	
- Long Term P/L on Shares	9,750		-	
- Dividend received	16,489	(5,519)	15,756	(14,124)
		<u>(121,830)</u>		<u>(90,872)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
(Increase)/Decrease in current assets				
Loans and Advances	-		-	
Increase/(Decrease) in current liabilities				
Trade Payables	19,958	19,958	7,256	7,256
		<u>-</u>		<u>-</u>
Net Cash used in Operating Activities		(101,872)		(83,616)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Fractional Encashment received	67		-	
Dividend Received	16,489		15,756	
		<u>16,556</u>		<u>15,756</u>
Net Cash Generated From Investing Activities		16,556		15,756
C. CASH FLOW FROM FINANCING ACTIVITIES				
Unsecured Loan from Shareholder	79,000		85,000	
Repayment of Unsecured Loan Taken from Director	-		-	85,000
		<u>79,000</u>		<u>85,000</u>
Net Cash from Financing Activities		79,000		85,000
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)		(6,316)		17,140
Cash and Cash Equivalents (Opening Balance)		30,276		13,136
Cash and Cash Equivalents (Closing Balance)		<u>23,960</u>		<u>30,276</u>

Notes: 1) The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India
2) Figures in brackets indicate cash outgo.
3) Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.

As per our report of even date,
For **R. DALIYA & ASSOCIATES**
Chartered Accountants

For and on behalf of the board of Directors

Sd/-
R.S. DALIYA
Proprietor
Membership No.
Place : Mumbai
Date : 30/05/2013

Sd/-
BRIJMOHAN KABRA
Director

Sd/-
KAUSHAL MEHTA
Director

SOBHAGYA MERCANTILE LIMITED

Notes to Financial Statements for the year ended 31 March, 2013

2 SHARE CAPITAL	As at 31st March, 2013 Rs.	Rs.	As at 31st March, 2012 Rs.
(1) Authorised 2,50,000 (2,50,000) Equity Shares of Rs. 10/- each	2,500,000		2,500,000
	2,500,000		2,500,000
(2) Issued Capital : 2,40,000 (2,40,000) Equity Shares of Rs. 10/- each	2,400,000		2,400,000
(3) Subscribed and fully paid up Capital : 2,33,050 (2,33,050) Equity Shares of Rs. 10/- each	2,330,500		2,330,500
(4) Subscribed but not fully paid up Capital : 6,950 (6,950) Equity Shares of Rs. 10/- each	34,750		34,750
Total	2,365,250		2,365,250

2.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year :

	As at 31st March, 2013		As at 31st March, 2012	
	No.of Shares	Rs.	No.of Shares	Rs.
Shares outstanding at the beginning of the year	240,000	2,365,250	240,000	2,365,250
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares Outstanding at the end of the year	240,000	2,365,250	240,000	2,365,250

2.2 Details of Calls unpaid

	As at 31st March, 2013		As at 31st March, 2012	
	No.of Shares	Rs.	No.of Shares	Rs.
Equity Shares with voting rights				
- By Directors	-	-	-	-
- By Officers	-	-	-	-
- By Others	6,950	34,750	6,950	34,750
Total Unpaid Calls	6,950	34,750	6,950	34,750

2.2 Terms/Rights attached to equity shares:

The company has only one class of equity share having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31st March 2013, the amount of per share dividend recognized as distributions to equity shareholders was Rs. Nil (31st March 2011 Rs. Nil)

SOBHAGYA MERCANTILE LIMITED

2.3 Details of Equity shareholders holding more than 5 % shares in the Company

	As at 31st March, 2013		As at 31st March, 2012	
	No.of Shares held	% of holding	No.of Shares held	% of holding
Vinita Bagrodia	72,800	30.33	72,800	30.33
Mangalam Exim P Ltd	48,530	20.22	48,530	20.22
Kumar Mangalam Bagrodia	33,700	14.04	33,700	14.04
Sitaram Agarwala	21,550	8.97	21,550	8.97
	73.56		73.56	
	As at 31st March, 2013 Rs.		As at 31st March, 2012 Rs.	

3 RESERVES AND SURPLUS

Surplus / (Deficit) in the statement of profit and loss As per last Balance Sheet	164,771	241,519
Add: Profit /Loss (-) for the current year	(116,311)	(76,748)
Net surplus / (Deficit) in the statement of profit and loss	48,460	164,771

4 Short-term Borrowings

Unsecured Loans From:-		
Related Parties	617,800	538,800
Total	617,800	538,800

5 Trade Payables

Other	40,626	20,668
Total	40,626	20,668

SOBHAGYA MERCANTILE LIMITED
Notes forming part of the financial statements

6 Fixed assets

A.	Particulars	Gross block				Accumulated Depreciation				Net block	
		Balance as at 1 April, 2012	Additions	Disposals	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
	TANGIBLE ASSETS										
	(a) Furniture and Fixtures Owned	116,434.00	-	-	116,434.00	114,639.00	324.00	-	114,963.00	1,471.00	1,795.00
	(b) Computer Owned	143,080.00	-	-	143,080.00	142,112.00	388.00	-	142,500.00	580.00	968.00
	(c) Office equipment Owned	34,078.00	-	-	34,078.00	30,971.00	432.00	-	31,403.00	2,675.00	3,107.00
	(c) Electrical Installations Owned	19,445.00	-	-	19,445.00	18,888.00	76.00	-	18,964.00	481.00	557.00
	Total	313,037.00	-	-	313,037.00	306,610.00	1,220.00	-	307,830.00	5,207.00	6,427.00
	March 31,2011	313,037.00	-	-	313,037.00	304,978.00	1,632.00	-	306,610.00	6,427.00	

SOBHAGYA MERCANTILE LIMITED

7 Non-Current Investments

	Face Value (Rs.)	As at March 31, 2013		As at March 31, 2012	
		Quantity Nos.	Rs.	Quantity Nos.	Rs.
Non-trade Investments					
Quoted- Fully paid up (At Cost)					
a Investments in Equity Shares:					
Arvind Products Limited	10	90	88,353	1,000	98,170
GSL Securities Limited	10	39,200	390,220	39,200	390,220
ICICI Bank Limited	10	10	90,270	10	90,270
Jai Prakash Associates Limited	2	7,500	21,000	7,500	21,000
BPCL	10	44	11,000	44	11,000
Issued in lieu of 100 shares of Kochi Refinery Limited	10		-		-
Orkay Industries Limited	10	550	11,600	550	11,600
Steel Authority of India Limited	10	5,000	404,500	5,000	404,500
Total Quoted Investments			1,016,943		1,026,760
Aggregate Market Value of Quoted Investments			889,586		1,244,351

SOBHAGYA MERCANTILE LIMITED

	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
8 Long Term Loans and Advances		
(Unsecured, considered good)	1,971,250	1,971,250
Total	1,971,250	1,971,250
9 Cash and Cash equivalents		
Cash on Hand	1,470	13,892
Balance with Banks :		
- On Current Accounts	22,490	16,384
Total	23,960	30,276
10 Short-term Loans and Advances		
(Unsecured, considered good)		
a Other Loans and Advances		
Income Tax and TDS	54,776	54,776
Total	54,776	54,776
	For the Year ended on March 31 ,2013 Rs.	For the Year ended on March 31 ,2012 Rs.
11 Other Income		
Dividend Income :		
From Long Term Investments	16,489	15,756
Total	16,489	15,756
12 Finance Costs		
Interest on Delayed payment	-	78
Others (Bank Charges)	929	200
Total	929	278
13 Other expenses		
Rates and taxes	2,500	2,500
Printing and stationery	2,512	2,304
Postage & Courier Charges	2,410	2,415
Legal Press Release Charges	21,175	11,946
Share Transfer expenses	26,968	17,648
Legal and professional	13,250	11,500
Long Term P/L on sale of shares	9,750	
Payments to auditors:-		
a For Statutory Audit	5,000	5,000
b For Certification	8,250	6,000
ROC Filing Fees	8,500	1,500
Miscellaneous expenses	30,336	29,781
Total	130,651	90,594

SOBHAGYA MERCANTILE LIMITED

Note-1

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 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. All Assets and Liabilities have been classified as Current and Non-Current as per the Company's normal operating cycle (i.e. 12 months) and other criteria as set out in the Revised Schedule VI of the Companies Act, 1956.

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

Fixed Assets:-

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

1.3 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.

1.4 Investments:-

(a) Investments which are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Long Term Investments.

(b) Long term investments are carried at cost.

(C) Current Investments are stated at lower of cost and fair market value.

1.5 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.

1.6 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, unless otherwise stated.

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.

1.7 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, unless otherwise stated.

1.8 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.

1.9 Employee benefits :-

The company has not provided for Gratuity and Leave encashment benefits till 31.03.2013. The retirement benefits will be debited as and when paid.

1.10 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.

1.11 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.

1.12 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.

1.13 Earning per Share:-

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

1.14 Segment Reporting:-

The Company is operating in single segment.

1.15 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.

NOTES TO ACCOUNTS:-

14. Related Party Disclosure:-

(i) Particulars of Related Parties:

Name of the Related Party	Nature of Relationship
Mangalam Exim Private Limited	Share Holder

Companies under the same Management:-

- i) GSL Securities Limited - Associate Company

Key Managerial Personnel:-

- i) Mr. Kaushal Atul Mehta - Director
ii) Mr. Brij Mohan Kabra - Director
iii) Mr. Mukesh Kumar Nolkha - Director

(ii) Transactions with Related Parties:

- 1) Unsecured Loan taken from Shareholder, Mr. Kumaar Bagrodia Rs. 79,000/- (P.Y. Rs. 95,000. Outstanding balance at the year end was Rs. 2,79,800/- (P.Y. Rs. 2,00,800/-).

15. Auditors Remuneration:-

Particulars	(Rs.)	
	31st March ,13	31st March, 12
Audit Fees	5000	5000
Other Fees	-	-
Total Fees	5000	5000

16. Other information required under Part II of Schedule VI of the Companies Act, 1956 are either Nil or Not Applicable to the Company.

17. 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.

18. The requirement regarding licenses & installed capacity is not applicable to the Company.

19. 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.

20. Quantitative information: Not Applicable.

21. Previous year's figures have been regrouped or rearranged wherever considered necessary.

22. Basic & Diluted Earning per share Rs. - 0.48 as below :



SOBHAGYA MERCANTILE LIMITED

61, Mittal Towers, 'B' Wing, 210, Nariman Point, Mumbai - 400 021.
Tel. :6630 1060 • Fax : 6630 1058

FORM A.

Format of covering letter of the annual audit report to be filed with the
Stock exchanges.

1. Name of the company : Sobhagya Mercantile Limited.
2. Annual financial statements for
The year ended : 31.03.2013.
3. Type of Audit Observation : Unqualified.
4. Frequency of Observation : Not Applicable
5. To be signed by

1. Director

SOBHAGYA MERCANTILE LIMITED

Rom Kabir

DIRECTOR

For R. DALIYA & ASSOCIATES
Chartered Accountants.

2. Auditor of the company

R. S. Daliya

R. S. DALIYA
PROPRIETOR.
M. No. 43703

3. Audit Committee Chairman.

BMK Rom Kabir