BSE

ADARSH MERCANTILE LIMITED

CIN: **L51109WB1992PLC055082**

8A & 8B, Satyam Towers, 3 Alipore Road, Kolkata – 700 027

Phone: 2479-1951, Fax: 2479-1952

Website: www.adarshmercantile.in * email: **adarshmercantile@gmail.com**

FORM A

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

1	Name of the Company:	**ADARSH MERCANTILE LIMITED**
2	Annual financial statements for the year ended	**31ST MARCH 2014**
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not Applicable
5	*Signed by-* *Chief Executive Officer (CEO) / Managing Director** *Chief Financial Officer (CFO)* *Auditor of the Company* *Audit Committee Chairman*	Adarsh Mercantile Limited Director Mrs Suchita Chhawchharia – Executive Director FOR RAY & CO. Chartered Accountants Partner Mr. Subrata Roy Mr. Narayanan Pothera

**Since there is no Managing Director in the company, the same has been signed by the Executive Director of the Company.*

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Annual Report 2013-14

ADARSH MERCANTILE LIMITED

BOARD OF DIRECTORS

POTHERA NARAYANAN
GAUTAM AGARWALA
SUCHITA CHHAWCHHARIA

COMPANY SECRETARY

KALPANA TEKCHANDANI

COMPANY IDENTIFICATION NUMBER

L51109WB1992PLC055082

REGISTRAR

NICHE TECHNOLOGIES PRIVATE LIMITED

AUDITORS

S RAY & CO.
CHARTERED ACCOUNTANTS

BANKERS

CITIBANK N.A.

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REGISTERED OFFICE

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

ADARSH MERCANTILE LIMITED

NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held at the Registered Office at 8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027, on Saturday, the 27th day of September 2014 at 11.00 A.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.

2. To appoint the Statutory Auditors of the Company and fix their remuneration.

3. To appoint a Director in place of Mr. Gautam Agarwala (DIN - 00791678) who retires by rotation and is eligible for re-appointment.

Notes:

1. Each shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a shareholder. The proxy form should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

2. A person can act as Proxy on behalf of the members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the company carrying voting rights. A member holding more than ten percent (10%) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as Proxy for any other person or shareholder.

3. Corporate Members intending to send their authorized representatives at attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. Members/Proxies should fill the Attendance Slip attending the meeting. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

5. In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.

6. In terms of Articles 82 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Gautam Agarwala, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company commends their re-appointment.

7. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 22nd September, 2014 to Saturday, the 27th September, 2014 (both days inclusive).

8. Members holding shares in physical form are requested to notify any change in their address immediately to the Company at its Registered Office or its Registrar & Share Transfer Agents office M/s. Niche Technologies Pvt. Ltd., D- 511, Bagree Market, 71, B.R.B. Basu Road, Kolkata - 700 001.

9. Members holding shares in physical form and wishing to make / change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, may submit the prescribed particulars in Form SH-13 and SH-14 accordingly, to the Company.

10. At present the Company's equity shares are listed on the Stock Exchange at Kanpur and Bombay and listing fees for the current financial-year 2014-15 have been paid to all the aforesaid Stock Exchanges. Members are informed that the scripts of the Company have been activated both in Central Depositories Services Limited (CDSL) and National Securities & Depository Limited (NSDL) and may be dematerialised under the ISIN - INE673E01018. The custodian fees for the current financial year 2014-15 have been paid to all the aforesaid Depositories.

11. All documents referred to in accompanying Notice are open for inspection at the Registered Office of the Company on all the working days between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting.

12. Members are requested to bring their copies of the Reports and Accounts to the Meeting. Members seeking any information or clarification on the Accounts are requested to send, in writing, queries to the company, at least one week before the date of the meeting. Replies will be provided, in respect of such written queries, only at the meeting.

13. The Securities and Exchange Board of India (SEBI) has mandated to submission of Permanent Account Number (PAN) by every participant in securities market. *Members holding shares in physical form can submit their PAN to the Company or its* Registrars & Share Transfer Agents.

14. Section 20 of the Companies Act, 2013, read together with Section 101 and Section 136 and relevant rules made thereunder, the service of documents including the Financial Statements, Notice, etc. can be made through the electronic mode. The Company may henceforth e-mail the documents including the Annual report containing Financial Statements and other documents, Notice, etc, and other documents /communications to the shareholders at the e-mail addresses registered with the Company/ received through the respective Depositories. Shareholders holding shares in physical form are requested to register/update their e-mail addresses with the Company's Registrar and Share Transfer Agent, i.e. M/s. Niche Technologies Pvt. Ltd., D- 511, Bagree Market, 71, B.R.B. Basu Road, Kolkata – 700 001 or with the Company at adarshmercantile@gmail.com. Shareholders holding shares in dematerialized form are requested to register their e-mail addresses and changes therein with the concerned Depositories through their Depository

Participant. In absence of e-mail address, the documents will be sent in physical mode.

15. Voting through Electronic means:

i. In Compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed there under, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice.

ii. Similarly, Members opting to vote physically can do the same by remaining present at the meeting and should not exercise the option for e-voting. However, in case Members cast their vote exercising both the options, i.e physically and e-voting, then votes casted through e-voting shall be only be taken into consideration and treated valid whereas votes casted physically at the meeting shall be treated as invalid. The instructions for e-voting are as under, Members are requested to follow the instruction below to cast their vote through e-voting.

iii. The instruction for Shareholders voting electronically are as under:

a. The voting period begins on Monday, 22nd September, 2014 (10.00 A.M. IST) and ends on Tuesday, 23rd September, 2014 (6.00 P.M. IST). During this period, shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday 22nd August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

b. The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.

c. Click on "shareholders" tab.

d. Now, select the "ADARSH MERCANTILE LIMITED"

e. Now enter your User ID:

i. For CDSL: 16 digits beneficiary ID

ii. For NSDL: 8 character DP ID followed by 8 digits Client ID,

iii. Members holding shares in Physical Form should enter Folio Number registered with the Company, excluding the special characters.

f. Next enter the Image Verification as displayed and Click on Login.

g. If you are holding shares in Demat Form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

h. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department(Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to enter in capital letters the PAN field of 10 characters as First 2 Characters of the First Holder Name followed by 8 characters consisting of Folio Number prefix by "0" (or 8 characters from right of BO-ID). No special characters or space will be taken from the name and folio number and name shall be excluded of titles like Mr. / Mrs. / Smt. / Miss / Ms. / M/s. etc. Example: (1) Mr. V. N. Swami and Folio Number is S/0245, the PAN will be VN000S0245 (2) M/s. 4-square Company Ltd. and Folio Number is C-0052 the PAN will be 4S000C0052
DOB	Enter the Date of Birth as recorded in your demat account with the depository or in the company records for your folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Bank Account Number as recorded in your demat account with the depository or in the company records for your folio. • Please Enter the DOB or Bank Account Number in order to Login. If both the details are not recorded with the depository or company then please enter in the Dividend Bank Details field the Number of Shares Held by you as on Cut Off date (record date) of August 22, 2014

i. After entering these details appropriately, click on "SUBMIT" tab.

j. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

k. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

l. Click on the EVSN for the relevant "Company Name" on which you choose to vote.

m. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

n. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

o. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

p. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

q. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

r. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

s. Notes for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporate.

- A scanned copy of the Registration Form bearing the stamp and signed of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create Compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

t. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available

at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

16. Mr. Santosh Kumar Tibrewalla, Practicing Company Secretary (Membership No. FCS 3811) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

17. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against , if any, forthwith to the Chairman of the company.

18. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.adarshmercantile.in and on the website of CDSL viz www.cdslindia.com within two days of the passing of the resolutions at the Twenty Ninth Annual General Meeting on 27th September, 2014 and communicated to the BSE Limited and The UP Stock Exchange Limited, where the shares of the Company are listed.

19. Since e-voting facility (including Ballot Forms) is provided to the Members pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, voting by show of hands are not allowed.

20. The voting right of Shareholders shall be in proportion to their shares of the paid-up equity capital of the Company as on the cut-off date (record date) of 22nd August, 2014.

By Order of the Board of Directors

For Adarsh Mercantile Ltd.

Suchita Chhawchharia
(Director)

Date: August 19, 2014
Place: Kolkata

Additional Information of Directors seeking re-appointment at the 29th Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

(Annexure as referred to in Agenda No. 3 on notice)

Name of Director	Mr. Gautam Agarwala
DIN No.	00791678
Date of Birth:	15.01.1977
Date of First Appointment & their Position thereto	28.09.2007
Education Qualification	B.Com
Expertise in Specific functional areas	Experience in trading in Merchandise, Accounts, Finance, Investment and Fund Management.
Chairman/Membership of Committees in this company	Member of Audit Committee & Chairman of Investor Grievance Committee
Present Status of director in this Company	Non Executive Independent Director
Directorship in other Public Limited Companies	None
Chairman/Membership of Committees in other Public Limited Companies	None
Shareholding as on 31st March, 2014	None
Seeking appointment/reappointment	Retire by rotation and seeking reappointment
Rotational Status	Retire by rotation
Tenure of Appointment	Not Applicable

Mr. Gautam Agarwala is interested in the appointment. Hence, your Board of Directors recommend the above appointment.

By Order of the Board of Directors

For Adarsh Mercantile Ltd.

Suchita Chhawchharia
(Director)

Date: August 19, 2014
Place: Kolkata

ADARSH MERCANTILE LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are hereby presenting the Annual Report together with the audited accounts of the company for the year ended 31st March 2014.

FINANCIAL RESULTS

The working of the Company during the year under review shows a net profit of Rs 295,948 which is accumulated with the credit balance in the Statement of Profit & Loss of Rs 8,221,673.

DIVIDEND

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

STATUTORY INFORMATION

a) Conservation of Energy

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

b) Technology absorption

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

c) Foreign Exchange Earning/Outgo

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

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

None of the employees of the Company was in receipt of remuneration in the aggregate which was in excess of Rs 6,000,000 if employed throughout the year, or at a rate which was in excess of Rs 500,000 per month, if employed for a part of the year.

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

i) in the preparation of the annual accounts for the year under review, the applicable Accounting Standards, subject to Notes on Accounts as stated in the Schedule annexed to the account, has been followed;

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year concerned and of the profit/loss of the Company for the year under review;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

PARTICULARS OF EMPLOYEES

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

AUDITORS

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

COMPLIANCE CERTIFICATE

Pursuant to Proviso to sub-section (1) of Section 383A of the Companies (Amendment) Act, 2000 and Rule 3(1) of the Companies (Compliance Certificate) Rules, 2001, the Board has appointed M/s PS & Associates, Company Secretary for certifying the compliance by the Company under the Companies Act, 1956 and other allied Rules for the financial year ended on 31.03.2014. The compliance certificate given by M/s PS & Associates forms part of the Directors' Report and is annexed herewith.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

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

By order of the Board

Pothera Narayanan
(Director)

Suchita Chhawchharia
(Director)

Kolkata
May 15, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2013-14 was a challenging year for the Indian economy. The economy experienced a decline in GDP rate from 5.50% in 2012-13 to 4.90% in 2013-14. The tightened liquidity also affected the functioning of Capital markets.

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

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

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

OUTLOOK

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

OPPORTUNITIES & THREATS

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

RISKS & CONCERNS

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

INTERNAL CONTROL SYSTEM AND ADEQUACY

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

FINANCIAL PERFORMANCE

During the year under review the Company received dividend of Rs 257,716 compared to Rs 290,471 in the previous year. The Interest income during the year was Rs 2,052,328 as against Rs 628,548 in the corresponding previous period. The Company incurred a loss of Rs 448,251 on disposal of Investments compared to a gain of Rs 2,805,295 in the previous year. The trading activities of the Company resulted in a gain of Rs 147,142 during the year as compared to a loss of Rs 2,731,384 during the previous year.

The profit after tax during the current period was Rs 295,948 as compared to Rs 23,594 during the preceding previous year.

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

1. **Company's philosophy on Code of Governance**

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

2. **Board of Directors**

- ***Composition and Size of the Board***

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

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

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

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

25th May, 2013, 24th June 2013, 14th August 2013, 31st August 2013, 31st October 2013 and 10th February 2014.

- The information as required under Annexure I to Clause 49 of the Listing Agreement is made available to the Board. The Agenda and the papers for consideration at the Board Meetings are circulated at least three days prior to the meeting. Adequate information is circulated as a part of Board papers and is made available at the Board Meetings to enable the Board to take informed decisions.
- Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Companies and Committees where he is Director / Member (as on 31st March, 2014):

Directors	Category of Directorship	Board Meetings Attended	Attendance at the last AGM	No. of other Director-ship held in other Companies	No. of Board Committees of which Member / Chairman in other Companies	
					Chairman	Member
Mr. Pothera Narayanan	NED (I)	6	Present	2	-	3
Mr. Gautam Agarwala	NED (I)	6	Present	-	-	-
Mrs. Suchita Chhawchharia (*)	ED	5	Present	-	-	-
Mrs. Ekta Dhanania (*)	NED (I)	1	Absent	-	-	-

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

(*) Mrs. Ekta Dhanania has resigned as a Director with effect from 24th June 2013 and Mrs. Suchita Chhawchharia has been appointed on that date.

Notes :

a. Number of Directorship held in other companies, exclude Directorship in private companies, foreign companies and Alternate Directorships.

b. An Independent Director is a Director who, apart from receiving Director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries and associates, which in the judgment of the Board may affect their independence of judgment.

c. Details of Directors seeking re-appointment at the ensuing Annual General Meeting forms part of the explanatory statement of the notice for Annual General Meeting annexed to the Annual Report.

3. **Audit Committee**

The Board of the Company has constituted a Qualified and Independent Audit Committee comprising of two Non-Executive Independent Directors viz. Mr. Pothera Narayanan and Mr. Gautam Agarwala and one Executive Director Mrs. Suchita Chhawchharia. The Members of the Committee are well versed with finance and accounts / legal matters and general business practices. Mr. Pothera Narayanan is the Chairman of the Audit Committee. All Directors are financially literate and Mr. Gautam Agarwala has accounting and financial management expertise.

The Statutory Auditors are invitees to the meeting.

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

There were four meetings of the Audit Committee during the year held on 25th May, 2013, 14th August 2013, 31st October 2013 and 10th February 2014 and the gap between two meetings was not more than four months. The attendance of each Member of the Committee is given below:

Name of the Director	No. of Meetings Attended
Mr. Gautam Agarwala	4
Mr. Pothera Narayanan	4
Mrs. Suchita Chhawchharia	3
Mrs. Ekta Dhanania (since resigned)	1

All the above members of the Audit Committee were present at the Annual General Meeting of the Company held on 23rd September 2013.

4. **Investors' / Shareholders' Grievance Committee**

The Board of Directors of the Company has constituted Investors' / Shareholders' Grievance Committee, which comprises three Directors viz. Mr. Gautam Agarwala, Mrs. Suchita Chhawchharia and Mr. Pothera Narayanan.

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

The Investors' / Shareholders' Grievance Committee had two meetings during the year on 14th August 2013 and 10th February 2014.

5. **General Body Meetings**

Nature of the General Meeting	Date and time of AGM	Venue	If Special Resolution(s) Passed
Annual General Meeting	16.08.2011	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No
Annual General Meeting	15.09.2012	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No
Annual General Meeting	23.09.2013	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No

No Extra Ordinary General Meetings were held during the year

6. **Disclosures**

a. **Remuneration**

a) No remuneration/sitting fees have been paid to the Non-Executive Directors.
b) No remuneration was paid to the Executive Directors during the year 2013-2014
c) No Commission has been paid to any Director.

b. There are no related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed in Note No. 26 of the Financial Statements.

c. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

d. The Company has filed an application with the Bombay Stock Exchange (BSE) for listing of its entire equity share capital of Rs 10 each on the BSE. The application of the Company is pending approval of BSE.

7. **Code of Conduct**

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

8. **Means of Communication**

a. The Company's quarterly/annual financial results and notices as required under clause 41 of the Listing Agreement are published in widely circulated national English daily ie *'Bengal Daily'* and in a local newspaper *'Dainik Lipi'*. These financial results were not sent individually to all the shareholders. The Company's results and official news releases were displayed on the Company's website: www.adarshmercantile.in

b. The Management Discussion and Analysis Report forms part of this Annual Report.

9. **The details of equity shares/convertible instruments held by Non-Executive Directors of the Company as on 31st March 2014 are as follows:**

Name of Director	No. of equity shares held	No. of convertible instruments held
Gautam Agarwala	Nil	Nil
Pothera Narayanan	35,100	Nil

10.	General Shareholder Information	
	Date, Time and Venue of the Annual General Meeting	27th September 2014 at 11.00 A.M. at 8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027
	Financial Year	1st April 2013 to 31st March 2014
	Date of Book Closure (for share transfer & AGM)	22nd September 2014 to 27th September 2014 (both days inclusive).
	Dividend Payment Date(s)	Not Applicable
	Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity	Not Applicable
	Listing on Stock Exchanges	Uttar Pradesh Stock Exchange Ltd. Padam Towers, 14/113, Civil Lines, Kanpur – 208 001
	Stock Code at Stock Exchanges	UPSE: 03053
	Demat ISIN Number for NSDL & CDSL	INE 673E01018
	Corporate Identification Number	L51109WB1992PLC055082
	Annual Listing Fees	Annual Listing fees for the financial year has been paid to The Uttar Pradesh Stock Exchange Association Ltd.
	Share transfer system	71.92% of the equity shares of the Company are in electronic mode. Transfer of these shares is done through the depositories.
		Share transfers are registered and returned within a period of 30 days from the date of lodgment, if the documents are completed in all respects. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. The Company offers the facility of transfer cum dematerialization to its shareholders.
	Registrar and Transfer Agents for physical and dematerialized shares	**Niche Technologies Pvt. Ltd.** 71, B. R. B. Basu Road Kolkata 700 001 Phone : 2235-7270 Fax : 2215 6823 Email: nichetechpl@nichetehpl.com
	Dematerialization of Shares and Liquidity	As on 31st March, 2014, 2,643,205 equity shares of the Company have been dematerialized.
	High / Low market price of the Company's shares traded on Stock Exchanges	There was no trading of the Shares of the Company for the period from 1st April, 2013 to 31st March, 2014 at The Uttar Pradesh Stock Exchange Association Limited. Therefore, high / low of market price of the share does not arise.

	Address for communication	**Ms. Kalpana Tekchandani** **Company Secretary & Compliance Officer** **Adarsh Mercantile Limited** 8A & 8B, Satyam Towers, 3, Alipore Road Kolkata 700 027 Phone : 2479-1951 Fax : 2479 1952 Email: adarshmercantile@gmail.com

Distribution of Shareholding as on 31st March, 2014.

No. of Equity Shares held	No. of Shareholders	% of Shareholders to total	Number of Shares	% of Shareholding to total
1 - 100	483	92.70%	39920	1.08%
101 - 200	3	0.58%	600	0.02%
201 - 400	0	0.00%	0	0.00%
401 - 500	0	0.00%	0	0.00%
501 - 700	1	0.19%	700	0.02%
701 - 2000	3	0.58%	3450	0.09%
2001 - 5000	0	0.00%	0	0.00%
5001 - 30000	10	1.92%	221200	6.02%
30001 - 50000	9	1.73%	341275	9.29%
50001 - 100000	5	0.96%	393900	10.72%
Above 100000	7	1.34%	2673955	72.76%
	521	**100.00%**	**3675000**	**100.00%**

Shareholding Pattern as on 31st March, 2014:

Category	No. of cases	Shareholders %	Total Shares	% to Equity
Promoters (Body Corporate)	1	0.19%	1493130	40.63%
Promoters (Individual)	2	0.38%	60075	1.63%
Mutual Funds	Nil	0.00%	Nil	0.00%
Venture Capital	Nil	0.00%	Nil	0.00%
Bank/FIs	Nil	0.00%	Nil	0.00%
Domestic Companies	7	1.35%	897600	24.42%
Trusts	2	0.38%	200	0.01%
Resident Individuals	509	97.70%	1223995	33.31%
Total	**521**	**100.00%**	**3,675,000**	**100.00%**

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

(Declaration by the Director under Clause 49(I)(D) of the Listing Agreement)

To
The Members of
Adarsh Mercantile Limited

I hereby certify that,

a) In pursuance of the provisions of Clause 49(I)(D) of the Listing Agreement, a Code of Conduct has been laid down by the Company for all the Board Members and the Senior Management Personnel of the Company.

b) The said Code of Conduct is also uploaded on the website of the Company at www.adarshmercantile.in

c) All the members of the Board and Senior Management Personnel of the Company have affirmed their respective compliance with the Code of Conduct of the Company for the year ended 31st March 2014.

Suchita Chhawchharia

Kolkata
May 15, 2014

Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
ADARSH MERCANTILE LIMITED

We have examined the compliance of conditions of corporate governance by ADARSH MERCANTILE LIMITED for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

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

Kolkata
May 15, 2014

Subrata Roy
Partner
Membership No. 051205

CERTIFICATION FROM CEO/CFO

(in terms of 49(V) of the Listing Agreement)

I, Suchita Chhawchharia, Director of the Company, do hereby certify that –

1. I have reviewed financial statements and the cash flow statement for the year ended 31st March, 2014 and that to the best of our knowledge and belief :
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the financial year 2013-14 which are fraudulent, illegal or violating the Company's Code of Conduct.
3. I accept the responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
4. I have indicated to the Auditors and the Audit Committee :
   a) that there has been no significant changes in internal control over financial reporting during the year,
   b) that there has been no significant changes in accounting policies during the said financial year;
   c) that there has been no instances of significant fraud of which we have become aware and therefore, there is no scope of involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Suchita Chhawchharia

Kolkata
May 15, 2014

Director

ADARSH MERCANTILE LIMITED

COMPLIANCE CERTIFICATE
(u/s 383A of the Companies Act, 1956)

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

CIN: L51109WB1992PLC055082
Paid-up capital: Rs. 3,67,50,000/-

I have examined the registers, records, books and papers of **Adarsh Mercantile Limited** as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2014**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify the following clauses as set out in Form specified under The Companies (Compliance Certificate) Rules, 2001 to the extent relevant to the said Company in respect of the aforesaid financial year:

01. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.

02. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, which were required to be filed with the Registrar of Companies within the time prescribed under the Act and the rules made there under.

03. The company being public limited company has the minimum prescribed paid-up capital.

04. The Board of Directors duly met **6 (six)** times on **25th May 2013, 24th June 2013, 14th August 2013, 31st August 2013, 31st October 2013 and 10th February 2014** during the year **2013-2014** in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. Resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

05. Register of Members was remained closed from **16th September 2013 to 23rd September 2013.**

06. The Annual General Meeting for the financial year ended on **31st March 2013** was held on **23rd September 2013** after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;

07. No Extra-ordinary general meeting was held during the financial year 31st March 2014.

08. No loan of the nature specified in section 295 of the Companies Act were made, hence no comments are required on the compliance of the provisions of the said section.

09. No contracts of the nature specified in section 297 of the Companies Act 1956 have been entered in to by the company during the year with any of the persons stated in the said section.

10. According to explanation furnished to me, the company was not required to make any entry in the Register maintained u/s 301 as no contracts of the nature specified therein were entered into by the company.

11. The Company was not required to obtain any approval from the Board of Directors, members or of the Central Government pursuant to section 314 of the Act as the provisions of the said section was not relevant to the Company during the said year.

12. No duplicate share certificates were issued by the company during the year.

13. The Company has:

    i. delivered all the certificate(s) on lodgement thereof for transfer. There was no allotment/ transmission of securities during the financial year.

    ii. has not declared any dividend for the year under consideration.

    iii. duly complied with the requirements of section 217 of the Act;

14. The Board of Directors of the Company is duly constituted and the appointments of directors have been duly made.

15. The Company has not appointed any Managing Director/ Whole- time Director/ Manager in the year under consideration.

16. No appointment of sole-selling agents was made by the company.

17. The Company was not required to obtain any specific approval of the Central Government, Company Law Board, Regional Director, Registrar or any other authorities as may be prescribed under any of the provisions of the Act.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under and necessary entries have been done in the register maintained for the purpose.

19. The Company has not issued nor allotted any shares during the period under consideration.

20. The Company has not bought back any shares during the financial year.

21. There was no redemption of preference shares during the financial year.

22. The Company was not required to keep in abeyance any rights to dividend, rights shares and bonus shares (no bonus or right issue was made by the company during the year under consideration).

23. The Company has not accepted any deposits as contemplated u/s 58A and 58AA and as such was not required to comply with the provisions of said section read with Companies (Acceptance of -Deposit) Rules, 1975/the applicable directions issued by the Reserve Bank of India/any other authority in respect of deposits accepted including unsecured loans taken, or raised by a company.

24. The Company has not borrowed any amount from directors, members and others during the financial year as prescribed under section 293 of the Companies Act.

25. The Company has made investments in the shares of Limited Companies but it does not attract section 372A of the Act because the investment made are well below the first limit specified in the section and no entries were therefore required to be passed in the register kept for the purpose;

26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year.

27. The company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.

28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year.

30. The Company has not altered its Articles of Association during the year under scrutiny.

31. As per information furnished and explanation given to me no prosecution was initiated against or show cause notice received by the company for any alleged offence under the Act and also no fines and/or penalties or any other punishment were imposed on the company in.

32. The Company has not received any amount as security from its employees during the year under certification requiring deposit as per provisions of section 417(1) of the Act;

33. Provident Fund is not applicable to the Company

Place: Kolkata
Date: August 4, 2014

For P.S. & Associates

(SWATI BAJAJ)
(Partner)
C.P. No.3502

ANNEXURE 'A'

Registers as maintained by the Company

1. Register & Index of Members ..... u/s 150/ 151.
2. Register of directors etc ..... u/s 303.
3. Register of disclosure u/s 301(3) read with section 299.
4. Register of directors' shareholdings u/s 307.
5. Register of Application & Allotment
6. Register of Transfers.
7. Minutes books for minutes of meetings of the Board & shareholders, separately.
8. Register of Contracts u/s 301.
9. Register of Charges u/s 143.

ANNEXURE 'B'

Form and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2014.

Sl. No.	Form No./ Return	Filed under Section	Purpose	Date of filing	Whether filed within prescribed time	If delay in filing, whether requisite additional fee paid (Yes/No)
1.	32	303(2)	Change in Directors	27-06-2013	Yes	NA
2.	66	383A	For the financial year 2012-13	24-09-2013	Yes	NA
3.	23AC/ACA (XBRL)	220	For the financial year 2012-13	23-10-2013	Yes	NA
4.	20B	159	For AGM held on 23-09-2013	20-11-2013	Yes	NA
5.	32	303(2)	Re-appointment of Additional Director in AGM	22-11-2013	Yes	NA

INDEPENDENT AUDITORS' REPORT

To the Members of
ADARSH MERCANTILE LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of ADARSH MERCANTILE LIMITED ('the Company'), which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We have relied upon the management's representation relating to the disclosures in the financial statements regarding (a) segment reporting (Note 25); (b) related party disclosures (Note 26) and (c) dues to Micro, Small & Medium Enterprises (Note 29).

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

4. Opinion

In our opinion, and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

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

5.2 As required by section 227(3) of the Act, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

(iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

(v) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Act;

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

Kolkata
May 15, 2014

Subrata Roy
Partner
Membership No. 051205

Annexure to Auditors' Report

Referred to in paragraph 5 of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.

(c) As per the information and explanations given to us, substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion, according to the information and explanations given to us, the Unit is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.

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

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.

(v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) No deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under have been accepted by the Company.

(vii) The Company does not have an internal audit system. However, in our opinion and according to the representations made by the management, the level of operations and transactions of the Company, by itself, do not require a formal internal audit system.

(viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

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

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding, as at 31 March 2014 for a period of more than six months from the date they became payable, *except income tax for Rs 6,014 for the AY 2007-08.*

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

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

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

(xi) The Company has no borrowings from financial institutions, banks or debenture holders.

(xii) According to the information and explanations given to us and based on records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society.

(xiv) In our opinion and according to the information and explanations given to us, we are of the opinion that proper records have been made of the transactions in respect of trading in shares, securities, debentures and other investments and timely entries have been made therein. All the shares, debentures and other investments are held by the Company in its own name.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.

(xvi) The Company has not raised any term loans during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.

(xviii) The Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Kolkata
May 15, 2014

Subrata Roy
Partner
Membership No. 051205

ADARSH MERCANTILE LIMITED

Balance Sheet as at 31st March, 2014

	Note	As at 31st March, 2014		As at 31st March, 2013	
EQUITY & LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2	36,750,000		36,750,000	
(b) Reserves & Surplus	3	19,032,358	55,782,358	18,743,096	55,493,096
Current Liabilities					
(a) Short-term Borrowings	4	8,600,000		8,500,000	
(b) Trade Payables	5	-		6,763,640	
(c) Other Current Liabilities	6	1,029,100		360,538	
(d) Short-term Provisions	7	30,000	9,659,100	50,000	15,674,178
TOTAL			65,441,458		71,167,274
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	8	3,270,608		3,271,075	
(b) Non-Current Investments	9	24,219,732		28,598,314	
(c) Long-Term Loans and Advances	10	10,972,158	38,462,498	4,500,000	36,369,389
Current Assets					
(a) Current Investments	11	2,742,353		13,795,829	
(b) Inventories	12	1,942,341		1,852,743	
(c) Trade Receivables	13	1,520		7,077,600	
(d) Cash and Cash equivalents	14	69,046		103,716	
(e) Short-term Loans and Advances	10	22,223,700	26,978,960	11,967,997	34,797,885
			65,441,458		71,167,274
Significant Accounting Policies	1				

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

As per our report of even date

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

Subrata Roy
Partner
M. No. 051205

Kolkata
May 15, 2014

For and on behalf of the Board

Suchita Chhawchharia
Pothera Narayanan
} Directors

Kalpana Tekchandani Co. Secretary

ADARSH MERCANTILE LIMITED

Statement of Profit and Loss for the year ended 31st March 2014

	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
I. **Revenue from operations**			
Sale of Products	15	3,252,300	9,235,533
II. Other Income	16	1,828,793	3,812,294
III. **Total Revenue (I + II)**		**5,081,093**	**13,047,827**
IV. **Expenses:**			
(a) Purchases of stock-in-trade	17	3,194,756	10,929,018
(b) Changes in Inventories of Stock-in-trade	18	(89,598)	1,037,898
(c) Employee Benefits Expense	19	140,000	120,000
(d) Finance costs	20	993,041	820,116
(e) Depreciation and amortization expense	8	467	543
(f) Other expenses	21	516,479	116,658
Total expenses		**4,755,145**	**13,024,234**
V. **Profit before Tax (V - VI)**		**325,948**	**23,594**
VI. **Tax Expenses**			
(a) Current Tax		30,000	-
VII. **Profit/(Loss) for the Period (V - VI)**		**295,948**	**23,594**
VIII. **Earning per Equity Share (nominal value of share Rs.10)**			
(a) Basic		0.08	0.01
(b) Diluted		0.08	0.01

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

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

Suchita Chhawchharia

Directors

Pothera Narayanan

Subrata Roy
Partner
M. No. 051205

Kalpana Tekchandani Co. Secretary

Kolkata
May 15, 2014

ADARSH MERCANTILE LIMITED

Cash Flow Statement for the year ended 31st March 2014

	2013-14	2012-13
Cash flow from operating activities		
Profit before tax	**325,948**	**23,594**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	467	543
Adjustment for carrying amount of Current Investments	-	(114,132)
Loss/(profit) on sale of Investments	448,251	(2,805,295)
Interest & Dividend Income	(2,277,044)	(892,446)
Interest expense	993,041	820,116
Operating profit before working capital changes	**(509,338)**	**(2,967,620)**
Movements in working capital :		
Increase/(decrease) in short-term provisions	(50,000)	-
Increase/(decrease) in other trade payables	(6,763,640)	6,763,511
Increase/(decrease) in other current liabilities	668,562	94,965
Decrease/(increase) in trade receivables	7,076,080	(7,077,600)
Decrease/(increase) in inventories	(89,598)	6,837,899
Decrease/(increase) in long-term loans and advances	(6,472,158)	-
Decrease/(increase) in short-term loans and advances	(10,277,512)	(10,759,090)
Decrease/(increase) in other current assets	-	200,000
Cash generated from / (used in) operations	(16,417,604)	(6,907,936)
Direct taxes paid/Adjusted (net of refunds)	15,122	(73,055)
Net Cash flow from / (used in) operating activities (A)	**(16,402,482)**	**(6,980,991)**
Cash flow from investing activities		
Proceeds from sale/ (purchase) of Non-current investments (Net)	4,378,582	5,348,124
Proceeds from sale/ (purchase) of current investments (Net)	11,053,476	1,517,636
(Loss)/Profit on sale of Investments	(448,251)	2,805,295
Interest & Dividend Income	2,277,044	892,446
Net Cash flow from / (used in) investing activities (B)	**17,260,852**	**10,563,501**
Cash flow from financing activities		
Proceeds from short-term borrowings	100,000	(3,675,000)
Interest paid	(993,041)	(820,116)
Net Cash flow from / (used in) financing activities (C)	**(893,041)**	**(4,495,116)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(34,671)	(912,607)
Cash and cash equivalents at the beginning of the year	103,717	1,016,323
Cash and cash equivalents at the end of the year	**69,046**	**103,716**
Components of cash and cash equivalents		
Balances with Banks in Current Account	43,222	62,953
Cash on hand	25,824	40,763
Total cash and cash equivalents	**69,046**	**103,716**

As per our report of even date

For and on behalf of the Board

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

Suchita Chhawchharia

Pothera Narayanan

Directors

Subrata Roy
Partner
M. No. 051205

Kolkata
May 15, 2014

Kalpana Tekchandani Co. Secretary

Notes to the financial statements for the year ended 31st March, 2014

1. Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

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

1.2 Use of Estimates

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

1.3 Fixed Assets & Depreciation

(i) Fixed assets are stated at cost of acquisition and subsequent improvements thereto; less accumulated depreciation, and impairment loss, if any.

(ii) Depreciation is provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

1.4 Impairment of Assets

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

1.5 Investments

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

1.6 Inventories

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

1.7 Employee Retirement Benefits

(i) Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.

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

1.8 Taxes on Income

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

1.9 Provisions, Contingent Liabilities and Contingent Assets

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

2. Share Capital

	31 March, 2014	31 March, 2013
	Rs	Rs
a) Capital Structure		
Authorised		
4,000,000 Equity Shares of Rs. 10/- each	40,000,000	40,000,000
(Previous year - 4,000,000 Equity Shares of Rs. 10/- each)		
	40,000,000	**40,000,000**

Notes to the financial statements for the year ended 31st March, 2014

	31 March, 2014	31 March, 2013
	Rs	Rs
Issued, Subscribed and Fully Paid Up		
3,675,000 Equity Shares of Rs. 10/- each	36,750,000	36,750,000
(Previous year - 3,675,000 Equity Shares of Rs. 10/- each)		
	36,750,000	**36,750,000**

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

b) Share Capital Reconciliation

Equity Shares	31 March 2014		31 March 2013	
	Nos.	Amount	Nos.	Amount
Opening balance	3,675,000	36,750,000	3,675,000	36,750,000
Issued during the period	-	-	-	-
Closing Balance	**3,675,000**	**36,750,000**	**3,675,000**	**36,750,000**

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

	31 March 2014		31 March 2013	
	No. of shares	% holding	No. of shares	% holding
Avon Credit Private Limited	1,493,130	40.63%	1,325,380	36.06%
Gallon Holdings Private Limited	-	0.00%	865,725	23.56%
Winy Commercial & Fiscal Services Limited	315,000	8.57%	495,000	13.47%

3. Reserves & Surplus

General Reserve		
Balance b/f	245,000	245,000
General Reserve on Amalgamation		
Balance b/f	10,276,423	10,276,423
Surplus/(Deficit) in the Statement of Profit & Loss		
Opening balance	8,221,673	8,198,080
Profit/(Loss) for the year	295,948	23,594
Less: Income tax for earlier years	(6,686)	-
Net Surplus/(Deficit) at the end of the year	**8,510,935**	**8,221,673**
Total Reserves & Surplus	**19,032,358**	**18,743,096**

4. Short-term Borrowings

Loans repayable on demand - from other parties (unsecured)	8,600,000	8,500,000
	8,600,000	**8,500,000**

5. Trade Payables

Trade Payables	-	6,763,640
	-	**6,763,640**

6. Other Current Liabilities

Interest accrued and due on borrowings	893,737	309,822
Other payables		
Statutory Dues Payable	102,779	34,424
Others (year end accrual for expenses)	32,584	16,292
	1,029,100	**360,538**

7. Short-term Provisions

Other Provisions - for Income Tax	30,000	50,000
	30,000	**50,000**

8. FIXED ASSETS

Description	Gross Block				Accumulated depreciation/ amortisation				Net book value	
	As at 31 March, 2013	Additions	Sales / Adjustments	As at 31 March, 2014	Upto 31 March, 2013	For the Period	Sales / Adjustments	Upto 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
Tangible Assets										
Land - Freehold	3,267,715	-	-	3,267,715	-	-	-	-	3,267,715	3,267,715
Office Equipments	14,000	-	-	14,000	10,640	467	-	11,107	2,893	3,360
Total	3,281,715	-	-	3,281,715	10,640	467	-	11,107	3,270,608	3,271,075
Previous Year's figures	3,281,715	-	-	3,281,715	10,097	543	-	10,640	3,271,075	-

Notes to the financial statements for the year ended 31st March, 2014

	31 March 2014		31 March 2013	
	Qty.	Amount (Rs)	Qty.	Amount (Rs)
9. Non-Current Investments				
(fully paid-up; FV Rs 10 each, unless otherwise stated)				
Other Investments				
(a) **Investments in Equity Instruments**				
Quoted				
Andhra Petrochemicals Ltd.	11,000	265,311	11,000	265,311
Ansal Properties & Infrastructure Ltd. (FV Rs 5)	400	147,324	400	147,324
Ashiana Housing Ltd. (FV Rs 2)	29,625	796,538	5,925	796,538
Bharti Airtel Ltd. (FV Rs 5)	200	78,805	200	78,805
Coal India Ltd.	680	228,726	480	166,907
Dhunseri Investments Ltd.	3,772	273,262	3,772	273,262
Dhunseri Petrochem & Tea Ltd.	4,311	527,168	4,311	527,168
Eclerx Services Ltd.	50	31,010	50	31,010
Electrosteel Steels Ltd.	200,000	1,834,240	318,743	3,021,670
Gateway Distriparks Ltd.	1,750	225,489	1,500	198,330
GMR Infrastructure Ltd.	2,750	241,536	2,750	241,536
Gujarat Ambuja Exports Ltd. (FV Rs 2)	7,147	225,546	17,481	592,380
HDFC Bank Ltd.	100	62,443	100	62,443
Hindustan Construction Company Ltd. (FV Rs 1)	8,100	266,131	4,100	230,704
IFGL Refractories Ltd.	18,983	627,752	18,983	627,752
Intrasoft Technologies Ltd.	15,358	1,398,949	15,358	1,398,949
ITC Ltd. (FV Rs 1)	3,500	766,473	3,500	766,473
Jai Balaji Industries Ltd.	1,000	187,905	1,000	187,905
JSW Holdings Ltd.	50	137,151	50	137,151
Larsen & Toubro Ltd. (FV Rs 2)	150	63,721	125	146,930
NCC Ltd. (FV Rs 2)	2,750	136,748	2,750	136,748
National Organic Chemical Industries Ltd.	15,000	238,331	15,000	238,331
Padmini Technologies Ltd.	13,000	80,600	13,000	80,600
Punj Lloyd Ltd. (FV Rs 2)	130	12,335	130	12,335
Reliance Industrial Infrastructure Ltd.	500	316,091	500	316,091
Sancia Global Infraprojects Ltd.	500	112,473	500	112,473
S Kumars.Com Ltd.	40,100	52,130	40,100	52,130
State Bank of India Ltd.	100	210,508	100	210,508
Suzlon Energy Ltd. (FV Rs 2)	300	67,669	300	67,669
Techno Electric & Engineering Co. Ltd. (FV Rs 2)	1,620	357,327	1,620	357,327
Tulip Telecom Ltd. (FV Rs 2)	300	18,573	300	18,573
United Breweries Ltd. (FV Rs 1)	1,450	791,430	1,550	846,011
Winy Commercial & Fiscal Services Ltd.	280,000	800,000	280,000	800,000
WPIL Ltd.	600	241,778	600	241,778
		11,821,472		**13,389,120**
Unquoted				
Avon Credit Pvt. Ltd.	15,290	314,500	15,290	314,500
BCCO Holdings Pvt. Ltd.	20,000	1,000,000	20,000	1,000,000
Bliss Tie-up Pvt. Ltd.	7,250	362,500	7,250	362,500
Hermestar of India Ltd.	25	2,500	25	2,500
Hind Products Pvt. Ltd.	599	5,990	599	5,990
Lucky Trading Co. Ltd.	4,500	45,000	4,500	45,000
S G Wires Pvt. Ltd.	300,000	255,000	300,000	255,000
		1,985,490		**1,985,490**
(b) **Investments in Mutual Funds (Unquoted)**				
Birla Sunlife Dynamic Bond Fund (Growth)	167,993.015	3,000,000	167,993.015	3,000,000
HDFC Equity Fund - Dividend	7,684.597	326,876	7,684.597	326,876
ICICI Prudential Focussed Blue Chip Fund (Growth)	27,777.609	525,000	5,662.860	105,000
IDFC Dynamic Bond Fund Plan A (Growth)	114,270.565	2,500,000	114,270.565	2,500,000
IDFC Premier Equity Fund Plan A - (Dividend)	4,650.001	120,000	4,650.001	120,000
Kotak Bond - Short Term (Growth)	109,391.171	2,098,147	227,302.930	4,325,115
Reliance Dynamic Bond Fund (Growth)	126,040.359	1,842,748	170,995.123	2,500,000
Reliance Quarterly Interval Fund Series II (Growth)	-	-	27,888.789	346,713
		10,412,770		**13,223,705**

Notes to the financial statements for the year ended 31st March, 2014

Aggregate Amount of		
Quoted Investments	11,821,472	13,389,120
Unquoted Investments	12,398,260	15,209,195
	24,219,732	**28,598,314**
Market Value of Quoted Investments	**14,967,213**	**13,389,120**
Repurchase price of Units of Mutual Fund	**12,076,894**	**7,884,079**

10. Loans and Advances	Long-Term		Short-Term	
(Unsecured, considered good, unless otherwise stated)	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Capital Advances	6,472,158	-	-	-
Loans & Advances given to other parties	-	-	20,495,068	10,000,000
Loans & Advances given to related parties	4,500,000	4,500,000	1,541,534	1,759,090
Other loans and advances				
Advance Taxes & TDS	-	-	187,098	208,907
	10,972,158	**4,500,000**	**22,223,700**	**11,967,997**

11. Current Investments	31 March 2014		31 March 2013	
(fully paid-up; FV Rs 10 each, unless otherwise stated)	Qty.	Amount (Rs)	Qty.	Amount (Rs)
(a) **Investments in Mutual Funds (Unquoted)**				
ICICI Prudential Flexible Income Plan (Growth)	1,620.744	345,542	3,454.865	736,576
Reliance Liquid Fund Treasury Plan (Growth) - FV Rs 1000	410.036	1,271,829	-	-
Reliance Money Manager Fund (Growth) - FV Rs 1000	529.247	924,982	8,204.538	13,059,254
Reliance Short Term Fund (Growth)	8,903.808	200,000	-	-
		2,742,353		**13,795,829**
Aggregate Amount of				
Unquoted Investments		2,742,353		13,795,829
		2,742,353		**13,795,829**

12. Inventories	31 March, 2014 Rs	31 March, 2013 Rs
Stock-in-trade		
Shares & Securities	1,942,341	1,852,743
	1,942,341	**1,852,743**

13. Trade Receivables		
Unsecured, considered good		
Due for less than six months	1,520	7,077,600
	1,520	**7,077,600**

14. Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	43,222	62,953
Cash on hand	25,824	40,763
	69,046	**103,716**

Notes to the financial statements for the year ended 31st March, 2014

	2013-14	2012-13
	Rs	Rs
15. Revenue from Operations		
Sale of Products		
Shares & Securities	-	2,131,360
Fabric	3,219,300	7,077,600
Dividend Income (trade)	33,000	26,573
	3,252,300	**9,235,533**
16. Other Income		
Interest Income	2,052,328	628,548
Dividend Income from long-term investments	224,716	263,898
Net gain/(loss) on sale of long-term Investments	(318,165)	1,248,157
Net gain/(loss) on sale of current Investments	(130,086)	1,557,138
Others - Speculation profit	-	422
Adjustment for carrying amount of Current Investments	-	114,132
	1,828,793	**3,812,294**
17. Purchases of stock-in-trade		
Purchases		
Shares & Securities	64,956	4,165,718
Fabric	3,129,800	6,763,300
	3,194,756	**10,929,018**
18. Changes in Inventory of Stock-in-trade		
Inventories at the beginning of the year		
Shares & Securities	1,852,743	8,690,641
Less: Transfer to Investments	-	5,800,000
	1,852,743	2,890,641
Inventories at the end of the year		
Shares & Securities	1,942,341	1,852,743
	(89,598)	**1,037,898**
19. Employee Benefits Expense		
Salaries, Bonus & Allowances	140,000	120,000
	140,000	**120,000**
20. Finance Costs		
Interest expense	993,041	820,116
	993,041	**820,116**
21. Other expenses		
Advertisement expenses	17,270	11,870
Auditors' Remuneration		
Audit Fees	13,483	13,483
Tax Audit	2,809	2,809
Listing expenses	62,804	30,604
Miscellaneous expenses	37,708	21,157
Professional Charges	371,830	8,000
Rates & Taxes	10,576	28,735
	516,479	**116,658**

Notes to the financial statements for the year ended 31st March, 2014

22. Application for Listing

The Company has filed an application with the Bombay Stock Exchange (BSE) for listing of its entire equity share capital of Rs 10 each on the BSE. The application of the Company is pending approval of BSE.

23. Capital Commitments	**31 March, 2014**	**31 March, 2013**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	21,825,836	-

24. Contingent liabilities

Contingent Liability in respect of contested demand of AY 2008-09	44,600	44,600

25. Segment Reporting

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

26. Related Party Disclosures

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

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

List of related parties where control exists:

1. **Key Management Personnel (KMP) and their relatives**
   - Mrs. Suchita Chhawchharia - Director
   - Mr. Kshitiz Chhawchharia - Relative of Director
2. **Enterprises where KMP/ relatives of KMP have significant influence or control**
   - BCCO Commodities Private Limited
   - BCCO Consultants Private Limited
   - BCCO Holdings Private Limited
   - B Chhawchharia & Co.
3. **Associates**
   - Avon Credit Private Limited

(ii) Transactions with related parties during the period

Sl.	Name of the Related Party	31 March, 2014	31 March, 2013
1.	**Avon Credit Private Limited**		
	Closing Balance:		
	Year end Investments	314,500	314,500
2.	**BCCO Commodities Private Limited**		
	Closing Balance:		
	Year end receivables	4,500,000	4,500,000
3.	**BCCO Holdings Private Limited**		
	Transactions		
	Interest received	157,260	176,767
	Interest & Loan repaid	359,090	300,000
	Closing Balance:		
	Year end receivables	1,541,534	1,759,090

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Notes to the financial statements for the year ended 31st March, 2014

15. Rever

Sale of Pr
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16. Othe

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Net gain/
Others - S
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17. Purc

Purchase
Shares
Fabric

18. Char

Inventor
Shares
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Salaries

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27. Earning per share (EPS)

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

	31 March, 2014	31 March, 2013
Net Profit / (Loss) attributable to equity shareholders	295,948	23,594
Weighted average number of equity shares in calculating EPS	3,675,000	3,675,000
Nominal value of Equity Shares	10	10
Basic & Diluted EPS	0.08	0.01

28. Accounting for Taxes on Income

As availability of future taxable income is not certain, on consideration of prudence, provision for deferred tax assets is not made in term of AS 22, Accounting for Taxes on Income.

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

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

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

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

32. All the figures in these notes are in 'Rs' except otherwise stated.

As per our report of even date

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

Subrata Roy
Partner
M. No. 051205

Kolkata
May 15, 2014

For and on behalf of the Board

Suchita Chhawchharia
Pothera Narayanan
} Directors

Kalpana Tekchandani Co. Secretary