

28th
annual report
2012-2013

PMC Priti Mercantile Company Limited



COMMITTED TO GROWTH

<i>CONTENTS</i>	<i>PAGE NO.</i>
CORPORATE INFORMATION	2
PERFORMANCE HIGHLIGHTS	3
NOTICE	4
DIRECTORS' REPORT	7
CORPORATE GOVERNANCE	10
AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE	21
MANAGEMENT DISCUSSION & ANALYSIS	22
AUDITORS' REPORT	24
BALANCE SHEET	28
STATEMENT OF PROFIT & LOSS A/C	29
NOTES FORMING PART OF THE FINANCIAL STATEMENT	30
CASH FLOW STATEMENT	43

CORPORATE INFORMATION

Board of Directors

1. Mr. R. K. Modi
2. Mrs. Rekha Modi
3. Mr. D. K. Gupta
4. Mr. Pramod Gupta
5. Mr. V. B. Aggarwal

Managing Director

Director

Director (Resigned w.e.f 16.11.2012)

Director

Director

Company Secretary

Mr. Raman Kumar

Registered office

B-10, VIP Colony, Civil Lines,
Rampur - 244901 (U.P.)

Corporate Office

15/76, 2nd Floor, Old Rajender Nagar,
New Delhi - 110 060.

Statutory Auditors

M/s M. M. Goyal & Co.
Chartered Accountants
208, Allied House, Inderlok,
Delhi-110035.

Registrar & Share Transfer Agent

Indus Portfolio Pvt. Ltd.
G-65, Bali Nagar, New Delhi - 110 015
Phone : 011-47671214

Principal Bankers

HDFC Bank Ltd.
ICICI Bank Limited
Bank of Baroda

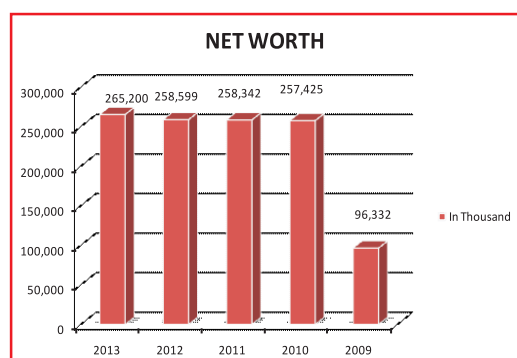
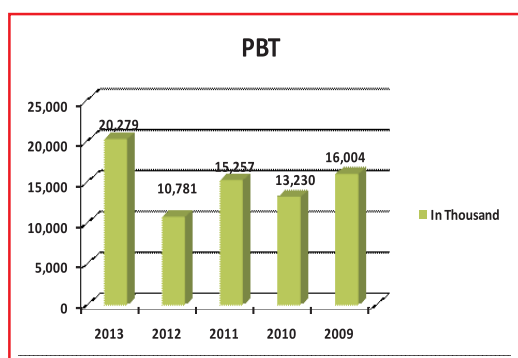
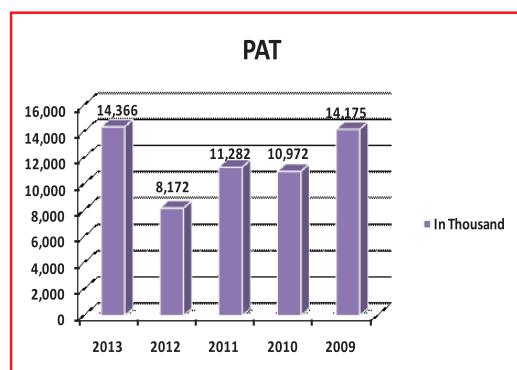
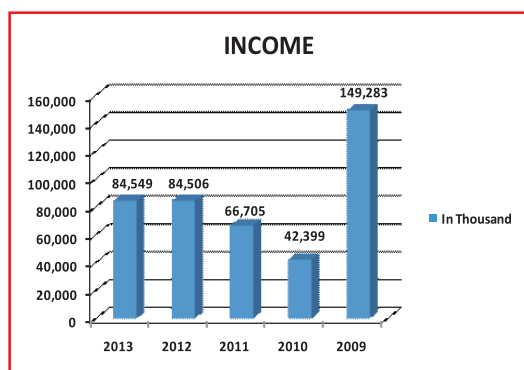
Website

<http://www.pmcfinance.in>

LAST FIVE YEARS AT A GLANCE

(₹ in Thousand)

Sl. No.	Particulars/Financial Year	20012-13	20011-12	20010-11	2009-10	2008-09
1	Sales/Income from operation	84549	84506	66705	42399	149283
2	PBT	20279	10781	15257	13230	16004
3	Tax/Defered Tax	5913	2609	3975	2258	1826
4	PAT	14366	8172	11282	10972	14175
5	Dividend	5%	5%	10%	10%	10%
6	Equity Capital	133767	133767	89178	89178	50178
7	Reserve & Surpluse	131433	124832	169164	168247	46144
8	Net Worth	265200	258599	258342	257425	96332
9	EPS [₹5/- per share (P.Y. ₹10/-)]	0.53	0.71	1.26	1.23	2.82
10	Book Value	19.82	19.33	28.97	28.86	19.19



NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of **PRITI MERCANTILE COMPANY LIMITED** will be held on **Monday, the 23rd day of September, 2013 at 10.00 A.M.** at the Registered Office of the Company at B-10, VIP Colony, Civil Lines, Rampur - 244901 (U.P.) to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss for the year ended on that date, together with reports of the Directors' and the Auditors' thereon.
2. To declare dividend on the equity shares.
3. To appoint a Director in place of Mrs. Rekha Modi Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors' of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. M.M. Goyal & Co., Chartered Accountants the retiring Statutory Auditors are eligible for re-appointment.

By Order of the Board
For PRITI MERCANTILE COMPANY LIMITED

Place : New Delhi
Date : 29.08.2013

(RAMAN KUMAR)
Company Secretary

NOTES:

1. Member entitled to attend and vote at the meeting and is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company.
2. Corporate members intending to send their authorised representative to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
3. Members are requested to bring their attendance slip along with the copy of Annual Reports at the Meeting.
4. The Instruments appointing a proxy should however be deposited at the registered office of the company not less than 48 Hours before the commencement of the meeting.
Inspection of documents: All materials documents relating to the aforesaid items of the agenda of the notice are available for inspection by the members at the Regd. Office of the company on any working day between 11:00 AM to 01:00 PM prior to the date of meeting.
5. The Shares Transfer Book and Members Register of the Company will remain closed from 19th September, 2013 to 23rd September, 2013 (both days inclusive) in terms of the provision of Section 154 of the Companies Act, 1956.

6. Members are requested to note that pursuant to the provisions of section 205c of the companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the "Investor Education and Protection Fund" constituted by the Central Government. Shareholders who have not encashed their dividend warrant(s) for the year 2010-11 and 2011-12 are requested to make claim with the company as no claim shall lie against the fund of the company in respect of individual amount once credited to the said fund.
7. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agents of the company M/s Indus Portfolio Pvt. Ltd., G-65 Bali Nagar New Delhi-110015 quoting registered folio no. change in their address, if any with pin code number. The following information to be incorporated on the dividend warrants may also be furnished:
 - 1 Name of sole/first joint holder and the folio number
 - 2 Particulars of bank account, viz.
 - (a) Name of the bank
 - (b) Name of the branch
 - (c) Complete address of the bank with pin code number
 - (d) Bank account number allotted by the bank and nature of the account (saving/current etc.)
8. In terms of section 109A of the Companies Act, 1956, the shareholders of the company may nominate a person on whom the shares held by him/them shall vest in the event of his/their death shareholders desirous of availing this facility may submit nomination in Form 2B.
9. Members desirous of seeking any information/clarification on accounts or operations of the company are requested to write to the company at least 10 days before the date of the meeting to enable the management to keep the information ready.
10. In case of joint holders attending the meeting only such joint holders who are higher in the order of names will be entitled to vote.
11. In respect of the matters pertaining to bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrar and Share Transfer Agents, in respect of Shares held in physical form and the respective depository Participants in case of shares held in electronic form. In all correspondence with the company's registrar and Share Transfer Agents members are requested to quote their account/folio numbers or DP ID and Client ID for Physical or electronic holding respectively.
12. To facilitate trading in equity shares in dematerialized form, the company has entered into agreement with NSDL and CDSL members can open account with any of the depository Participant's registered with NSDL or CDSL.
13. The Securities and Exchange Board of India vide its circular no. CIR/CFD/DIL/10/2010, dated 16 December 2010, amended clause 5A of the Equity listing agreement for the dealing with unclaimed shares in physical form. In compliance with this amendment, the company has sent all three reminders to such shareholders whose share certificates are in undelivered form requesting them to update their correct details viz. postal addresses, PAN details etc. registered with the Company. The company has transferred all the shares into the folio in the name of "Unclaimed Suspense Account".

14. As a part "Green initiative in the Corporate Governance", the ministry of Corporate Affairs vide its Circular no's. 17/2011 and 1/2011 dated 21.04.2011 and 29.04.2011 respectively, has permitted the companies to serve the documents, namely , notice of general meeting, balance sheet, profit & loss account, auditors' report, Directors 'report, etc., to the members through e-mail. The shareholders holding shares in physical form are requested to register their e-mail address with the registrar & share transfer agents by sending duly signed request letter quoting their folio no., name and address in case of shares held in demat form, the shareholders may register their e-mail addresses with their DPs (Depository Participants).
15. The dividend, if declared at the meeting, will be paid on or before 22nd October, 2013 to those Members or their mandates:
 - (a) whose names appear at the end of the business hours on 18th September, 2013 in the list of Beneficial Owners to be furnished by Depositories (NSDL and CDSL) in respect of the shares held in dematerialised form; and
 - (b) Company's Register of Members after giving effect to valid share transfer requests in physical form lodged with Registrar & Share Transfer Agent (RTA) of the Company on or before 18th September, 2013.
16. Brief resume of all Directors proposed to be appointed, nature of their expertise in specific functional area, name of companies in which they hold directorships and memberships/Chairmanships of Board of Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are provided in the report on Corporate Governance forming part of the Annual Report.

DIRECTORS' REPORT

To,

The Shareholders,

PRITI MERCANTILE COMPANY LIMITED

Your Directors have pleasure in presenting the 28th Annual Report along with the Audited Accounts of your Company for the year ended on 31st March 2013.

FINANCIAL HIGHLIGHTS

	Year ended 31.03.2013	Year ended 31.03.2012
Gross Income	84,549,482	84,506,336
Total Expenditure	64,270,421	73,724,582
Net Profit for the year	20,279,062	10,781,754
Less: Provision for Tax	5,909,065	2,611,054
Profit after Tax	14,369,906	8,170,700
Add/Less: Deferred Tax Liabilities	3,892	(1,696)
	14,366,104	8,172,396
Profit brought from previous year	17,077,016	16,677,988
Profit available for Appropriation	31,443,120	24,850,384
Proposed Dividend	6,688,350	6,688,350
Tax on Proposed Dividend	1,100,578	1,085,018
	23,654,192	17,077,016
Transfer to Statutory Reserve	2,873,221	—
Balance Carried to Balance Sheet	20,780,971	17,077,016

DIVIDEND

Your Directors are pleased to recommend a dividend of 5% i.e, ₹ 0.25 paise per equity shares of ₹ 5/- for the year ended March 31.2013

REVIEW OF OPERATIONS

The financial year under review was a bad phase for stock market. High inflation, low industrial output, high rates of interest plagued the country's economy which witnessed the lowest growth of 5% in the decade.

Lack of liquidity in the economy has given a boost to the business of financing and lending and as a result company has also performed well and the revenue from interest has increased by 53%.

Though economic conditions are adverse for finance industries, your company being engaged in fixed return related products has rather encashed the opportunity out of the bad times. As the equities sentiment is muted, people are more interested in fixed income products, it has given an opportunity to your company to perform better in the business of distribution/arrangement of fixed income products and the revenue from such business has grown by 13%.

Net profit for the year was ₹ 143.66 lakhs as against ₹ 81.72 lakhs in FY12.

NBFC REGISTRATION

The company has been registered with Reserve Bank of India as Non Banking Finance Company vide Registration No. 12.00128 dated. 1st April 1998.

PUBLIC DEPOSITS

The Company did not invite / accept any fixed deposits during the year within the meaning of Section 58 (A) of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975.

DEMATERILISATION OF SHARES

Your Company has connectivity with NSDL & CDSL for dematerilisation of its equity shares. The ISIN no. INE 793G01027 has been allotted for the company. Therefore, the member and/ or investors may keep their share holding in the electronic mode with their Depository Participates.

DIRECTORS

Mrs. Rekha Modi, Director of the Company retire by rotation, being eligible offers herself for re-appointment. The Board of Directors recommends their re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act 1956, relating to the Directors Responsibility Statement it is hereby confirmed that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to the material departure.
2. 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 as at 31st March 2013 and of the profit of the company for the year ended on that date.
3. The Directors had taken proper and sufficient care for the maintenance of adequate 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.
4. The Directors had prepared the annual accounts on a "going concern" basis.

AUDITORS

M/s M.M.Goyal & Co., the Statutory Auditors retire at the ensuing annual general meeting but being eligible offer themselves for re-appointment. The Company has received the letter from the auditors to the effect that their appointment if made it would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956. Your Directors recommend reappointment of M/s M.M.Goyal & Co. as the Statutory Auditors of the Company.

AUDITORS REPORTS

The observation of the Statutory Auditors in their reports, read with notes annexed to accounts, are self explanatory and therefore do not call for the any further comments and explanations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The provision of Section 217 (1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption in not applicable on the company. During the year under review their has been no foreign exchange earnings and outgo.

PERSONNEL

Your Directors wish to acknowledge the support and valuable contributions made by the employees, at all levels. We continue to train and motivate our workforce to enhance their contributions, towards the goal of your company.

There has been no employee who has drawn remuneration as stipulated under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, hence not applicable.

LISTING INFORMATION

The Company's shares are listed with U.P. Stock Exchange Ltd., Kanpur (U.P.) and BSE Limited, Mumbai. Your company has paid the Annual Listing Fee up to date and there are no arrears.

MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the listing agreement with the stock exchange, a detailed review by the Management of the operations, performance and future outlook of the company and its business, is presented in a separate section- management discussion and analysis and form part of this report.

CORPORATE GOVERNANCE REPORT

The company has complied with the requirements of corporate governance as prescribed under clause 49 of the listing agreement with the stock exchanges. A report on Corporate Governance Along with a Certificate from the Statutory Auditors, confirming the compliance, forms part of this Report.

COMPLIANCE WITH THE CODE OF CONDUCT

A declaration by the Managing Director affirming compliance with the company's Code of Conduct by Directors and senior Management for FY13, as required under Clause 49 of the Listing agreement with stock Exchange is annexed and forms part of this Report.

SUB-DIVISION OF SHARES

The company has sub-divided every equity shares of ₹ 10/- each in two equity share of the ₹ 5/- each during the FY 2012-13.

CHANGE OF NAME

The company has made an application to Reserve Bank of India Kanpur (U.P) for Change of name from Priti Mercantile Company Limited to PMC Fincorp Limited and the same is in process.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the Cash Flow Statement for the year ended 31 March 2013 is annexed hereto.

CORPORATE GOVERNANCE REPORT

As required by Clause 49 of the Listing Agreement, Corporate Governance, Management Discussion and Analysis and Auditor Report on compliance with the corporate governance requirements have been included in this Annual Report as separate section.

ACKNOWLEDGEMENT

The Directors place on record their appreciation of the contributions made by the employees at all levels, for achieving better results. The Directors also wish to thank customers, banks, etc. for their continued support. Finally your Directors would like to express their sincere & whole hearted gratitude to all of you for your faith in us in your corporation & never failing support.

**By Order of the Board
For PRITI MERCANTILE COMPANY LIMITED**

Place : New Delhi
Date : 29.08.2013

(R. K. MODI)
Managing Director

(REKHA MODI)
Director

ANNEXURE TO DIRECTORS' REPORT

Report on Corporate Governance

Pursuant to clause 49 of the Listing Agreement a Report on Corporate Governance is given below:

1. Company's Philosophy on Code of Governance

The Company's philosophy of corporate governance is proactively meeting its obligations to its Shareholders and creating goodwill with all its Stakeholders.

The Company believes to enhance the long-term Shareholders value and maximize interest of other Stakeholders through various measures of good governance and further this endeavor, strives to conduct its business with integrity, fairness, accountability and transparency in all its dealing with Stakeholders and regulatory authorities. We have always believed that the sound Corporate Governance practices is the cornerstone of any enterprise and is thus forms an integral part of its business policy. Even before the standards were made mandatory. Priti Mercantile Company Limited has been continuously gearing itself to surpass these. The results of good Corporate Governance practices are reflected in confidence reposed by the various Stakeholders.

2. Board of Directors

The Board of Directors comprises of optimum combination of Executive Directors and Non- Executive Directors, each with an expertise in their field of operation. The Composition of Board of Directors is as under:-

Executive	1 No.
Non-Executive	1 No.
Independent	3 Nos.
	<u>5 Nos.</u>

During the year 2012 - 13, the Board met 9 (Nine) times (as against the minimum requirement of four meetings) on the following dates, namely:-

May 14, 2012, August 14, 2012, August 30, 2012, September 24, 2012, November 15, 2012, December 06, 2012, January 14, 2013, January 24, 2013, and January 31, 2013,.

The following table gives details of directors, attendance of directors at the Board Meetings and at the last Annual General Meeting :-

Sl. No.	Name	Category Membership	Attendance Particulars	
			Board Meeting	Last AGM
01.	Sh. R. K. Modi	Managing Director	9	Yes
02.	Mrs. Rekha Modi	Director (Non-Executive)	9	No
03.	Sh. D. K. Gupta*	Director (Independent)	5	Yes
04.	Sh. Pramod Gupta	Director (Independent)	9	Yes
05.	Sh. V. B. Aggarwal	Director (Independent)	9	Yes

* Resigned w.e.f 16.11.2012

Particulars of Director:

Director seeking re-appointment :

Mrs. Rekha Modi : Mrs. Rekha Modi has over 7 years of experience in marketing in field of financial sector and capital market.

Name of the Director	Mrs. Rekha Modi
Date of Birth	07.02.1970
Age	43 Years
Date of Appointment	17.12.2009
Experience in Specified Functional area	Experience in Capital Market, Company Law & Finance
No. of Shares Held in the Company	4,80,000
Qualification	BSc,LLB
List of other companies in which associated as director	Prabhat Management Services Pvt. Ltd. RRP Management Services Pvt. Ltd.
Chairman Membership of the Committee of the Board of other Companies in which associated as Director.	NIL

3. Composition of various Board Committees

Name of the Committee	Name of Directors	Category
Audit Committee	Sh. V B Aggarwal	Chairman
	Sh. Pramod Gupta	Member
	Sh. D K Gupta	Member
Securities Transfer and Investors Grievance Committee	Sh. R K Modi	Chairman
	Mrs. Rekha Modi	Member
Remuneration Committee	Sh. V B Aggarwal	Chairman
	Sh. Pramod Gupta	Member
	Sh. D K Gupta	Member

4. Board and Committee functioning**a. Board Meetings**

1. The Board meetings are generally held in Delhi with the majority of Directors present at each meeting
2. The detailed Agenda with notes is circulated well in advance and contains all the matters enshrined in clause 49 of the Listing Agreement
3. Sufficient time is allocated for discussing the items of business, more specifically on the operations front with detailed presentations.
4. The Board takes on record the Compliance Confirmation from the head corporate affairs & Company Secretary at each Meeting which contains the Compliance status of all the Applicable legislations to the Company.

5. Audit Committee

A) Composition and Meeting of the Audit Committee:

The Audit Committee acts as a link between the Management, the Statutory Auditors and the Board of Directors. The current composition of the Audit Committee is as under:

During the financial year 2012-13, meetings of the Audit Committee were held 5 (Five) times i.e. on May 14, 2012, August 14, 2012, August 30, 2012, November 15, 2012 and January 31, 2013.

Name of Directors	Meetings held	Meeting Attended
Sh. V. B. Aggarwal	5	5
Sh. Pramod Gupta	5	5
Sh. D. K. Gupta*	4	4

* Resigned w.e.f 16.11.2012

B) Powers of Audit Committee

The audit committee of the company is vested with the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

C) Role of Audit committee

The Terms of reference/role stipulated by the Board for the Audit Committee, as contained under Clause 49 of the Listing Agreement are as follows:

1. Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters require to be included in the Director's Responsibility Statement in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies, practices and the reasons for the same.
 - c. Significant adjustments made in the financial statement arising out of audit findings.
 - d. Compliance with the listing and other legal requirements relating to the financial statements.
 - e. Disclosure of any related part transactions.
 - f. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control systems.
7. Discussions with external auditors before the audit commences, nature and scope of audit as well as have post audit discussions to ascertain any area of concern.

8. To look into reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends).

D) Review of information by Audit Committee

The audit committee reviews the following information:

1. Management Discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the audit committee), submitted by the management.
3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors.

6. Remuneration Committee:

Term of reference

To review and approve the managing directors/executive directors' remuneration on behalf of the board of directors, subject to the approval of the Shareholders, as follows:

- a. Remuneration amount, annual/mid-term increments, merit rewards, special payments, etc.
- b. Changes in the remuneration package, terms of appointment, notice period, severance fees, recruitment, retention and termination policies and procedures.

Remuneration Committee meeting was held on May 14, 2012.

Name of Directors	Meetings held	Meeting Attended
Sh. V. B. Aggarwal	1	1
Sh. Pramod Gupta	1	1
Sh. D. K. Gupta*	1	1

No remuneration is paid to Non-executive Directors except sitting fees for attending the meeting of Board of Directors and committee thereof. The fees paid for the year ended 31st March 2013 to the Directors are as follows:

Sl. No.	Name of the Directors	Salary	Sitting Fees	Amount in Rs.
1.	Sh. R. K. Modi	1500000.00	N.A.	1500000.00
2.	Sh. D. K. Gupta	N.A.	35000.00	35000.00
3.	Sh. V. B. Agarwal	N.A.	61000.00	61000.00
4.	Sh. Pramod Gupta	N.A.	61000.00	61000.00
5.	Mrs. Rekha Modi	N.A.	48500.00	48500.00

7. Compliance Report

The Board periodically reviews compliance report of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances, if any.

7.1 Code of Conduct

Pursuant to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management Team.

All Board Members and Senior Management Team have affirmed compliance of code of conduct as on 31.03.2013 and a declaration to that effect signed by Director is attached and forms part of this report.

7.2 Code of conduct for prevention of insider trading

Under SEBI (Prohibition of insider Trading) Regulations, 1992, the company has adopted Code of Conduct for prohibition and prevention of insider Trading. The Code is applicable on all the directors' officers and designated employees of the company. The said persons in addition to giving regular disclosures to the company are also prohibited under the code to deal in shares of the company while in possession of unpublished price sensitive information. All board members, officers and designated employees have confirmed compliance to the code of conduct for the year ended 31st March, 2013.

8. Risk Management

Your Company is aware of the risks associated with its business in the present day business scenario and volatile economic environment.

It has started analysing various risks involved and has initiated corrective action for mitigating/ managing the same. The company has also laid down procedures to inform the Board members about the risk assessment and procedures for minimising the same.

9. Secretarial Audit

A qualified practicing Company Secretary carry out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) certify the total issued and listed capital. The secretarial audit report confirms that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of shares held in dematerialised form with NSDL/CDSL.

Pursuant to Clause 47 (c) of the listing agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued a Company Secretary in practice for due compliance of share transfer formalities by the Company.

10. Shareholders/Investors Grievance Committee

The working of the Shareholders/Investors Grievance Committee of your Company and its composition and other details are given below:

During the financial year 2012-13, meetings of the Shareholders Grievance Committee were held 3 (Three) times i.e. on April 06,2012, December 31, 2012 and February 04, 2013.

Name of Directors	Meetings held	Meeting Attended
Sh. R. K. Modi	3	3
Mrs. Rekha Modi	3	3

No complaint were pending at the end of the year.

11. General Body Meetings

Details of location, time and date of last three AGMs/EGM are given below:-

Financial year	Date	Time	Place
2009-2010 (EGM)	03.11.2009	12.00 P.M.	10-B, VIP Colony, Civil Lines, Rampur (U.P.)
2009-2010 (AGM)	30.08.2010	10.30 A.M.	Same as above
2010-2011 (AGM)	25.06.2011	10.30 A.M.	Same as above
2010-2011 (EGM)	24.08.2011	11.00 A.M.	Same as above
2011-2012 (AGM)	24.09.2012	10.00 A.M.	Same as above
2012-2013 (EGM)	14.01.2013	10.00 A.M.	B-10, VIP Colony, Civil Lines, Rampur (U.P.)

Special Resolutions passed at the last 3 (Three) AGMs/EGM :

Financial year	Items
2009-2010 (EGM)	One
2009-2010 (AGM)	One
2010-2011 (EGM)	Four
2011-2012 (AGM)	One
2012-2013 (EGM)	Two

Special Resolutions Passed at the General Meetings

- To appoint Mr. R. K. Modi as Managing Director and fix remuneration, if any, was passed in the E.G.M held on 03.11.2009.
- Authorisation to the company for listing of equity shares with The Bombay Stock Exchange Ltd. was passed in the A.G.M held on 30.08.2010.
- Increase in Authorised Share Capital, alteration of Memorandum & Articles of Association and issue of 4458900 Bonus Equity Shares in the EGM held on 24.08.2011.
- Payment of Remuneration to Mr. R.K. Modi Managing Director of the Company w.e.f. 01.04.2012 in the AGM held on 24.09.2012.
- Change of name from Priti Mercantile Company Limited to PMC Fincorp Limited & sub-divided every equity shares of Rs. 10/- each in two equity share of the Rs. 5/- in the EGM held on 14.01.2013.

Note: No Postal ballots were used/invited for voting at these meetings in respect of special resolutions passed as there were no requirements for compliance at that time.

12. Means of Communication

The Company communicates with the shareholders at large through its Annual report and financial results published therein.

The quarterly results are published in the newspaper and are not being sent to the shareholders.

13. Outstanding GDRs/ADRs/Warrants or any convertible instruments.

The Company has not issued GDRs/ADRs etc. There was no outstanding warrants as on 31-03-2013.

14. Management discussion and analysis

A statement of Management Discussion and Analysis is appearing elsewhere in this Annual Report in terms of the requirement of the Code of Corporate Governance.

15. Disclosures

The related party transactions have been disclosed in Notes of Account forming part of the Statement of Accounts for the financial year ended 31st March, 2013 and since the necessary disclosures were made in respect of the said transactions to the respective Board of Directors meeting, no transaction is considered to be in potential conflict with the interests of the company at large.

There has not been any non-compliance, penalties or strictures imposed on the company by the stock exchange (s), Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets, during the last three years.

16. GENERAL SHAREHOLDER INFORMATION

16.1 Annual General Meeting	
Date and Time	September 23, 2013 at 10.00 A.M.
Venue	B-10, VIP Colony, Civil Lines, Rampur (U.P.)
16.2 Financial Calander (2013-14) (Tentative)	
Annual General Meeting for the next year ending 31st March, 2014	On or before September 30, 2014
16.3 Book Closure date	19.09.13 to 23.09.13
16.4 Dividend Payment date	22.10.2013

16.5 Listing Details

The Equity Shares of the Company are listed on the following Stock Exchanges.

U. P. Stock Exchange Ltd., Kanpur 14/113, Civil Lines, Kanpur - 208001	BSE Limited Phiroze Jeejeephoy Towers 25th Floor, Dalal Street Mumbai - 400001
---	--

The Company's payment of Listing Fees is up-to-date.

16.6 Stock Code

U. P. Stock Exchange Ltd.	P0006
BSE Limited	534060
ISIN Number (NSDL/CDSL)	Equity Shares INE 793G01027.
Face Value of each Equity Share	₹5/-

16.7 Registrar and Share Transfer Agent

INDUS PORTFOLIO PVT. LIMITED
G-65, Bali Nagar,
New Delhi-110015
Phones : +91-11-47671214
Email : mt@indusinvest.com

16.8 Share Transfer Systems:

Share transfers are presently registered within a maximum period of 15 (fifteen) days from the date of receipt provided the documents are complete in all respects. The Board of Directors has authorised the Registrar to approve all share transfers. The Registrar on receipt of Share transfer request, after confirming all details transfer the shares as per law and directly dispatches the same to the transferee.

16.9 Mandatory to submit PAN Card Copy (For Shares held in Physical form):

The Securities and Exchange Board of India (SEBI) has vide its circulars dated May 20, 2009 and January 07, 2010, made it mandatory to submit a copy of PAN card along with other documents for effecting transfer, transmission, transposition and name deletion of deceased holder from share certificate (in case of joint holding) in respect of shares held in physical form. Shareholders are therefore requested to ensure submission of a copy of their PAN Card, as in the absence of the said document, the above said requests in respect of shares held in physical form will stand rejected by the Company/ RTA.

16.10 Market price Data

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades
April - 2012	335.00	399.00	335.00	394.95	411283	5734
May - 2012	400.00	410.25	374.20	388.65	339632	5819
June - 2012	390.10	412.25	380.00	394.85	323735	8990
July - 2012	400.50	499.95	395.00	437.35	846121	14893
August - 2012	439.75	469.00	434.50	462.20	646951	9685
September - 2012	465.40	521.85	463.20	516.40	448525	4321
October - 2012	516.00	521.80	505.00	517.60	849593	6379
November - 2012	512.00	545.00	510.00	542.25	882644	6936
December - 2012	537.00	564.80	521.60	548.40	2367473	19197
January - 2013	543.20	585.00	542.10	576.55	1416857	15513
February - 2013	559.80	560.50	141.55	142.25	1361043	12035
March - 2013	141.00	143.00	99.55	116.40	5329799	21272

— There has been no trading in the U. P. Stock Exchange Ltd., Kanpur, during the year 2012-13.

16.11 Categories of Shareholders as on 31st March, 2013

Shareholding Pattern

Category	No. of Shares	% of Paid up capital
A Promoters' Holding		
1. Promoters		
a) Indian Promoters		
- Individual	8,12,700	3.03
- Corporate Bodies	33,96,500	12.70
b) Foreign Promoters	—	—
2. Persons acting in concert	—	—
Sub Total (A)	42,09,200	15.73
B Non-Promoters Holding		
3. Institutional Investors		
a. Mutual Funds and Unit Trust of India	—	—
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	—	—
c. Foreign Institutional Investor	—	—
4. Others		
a. Private Corporate Bodies	1,39,70,318	52.22
b. Indian Public	84,04,448	31.42
c. Non Resident Indians/Overseas	—	—
d. Clearing Member	20,000	0.07
d. Clearing House	1,49,434	0.56
Sub Total (B)	2,25,44,200	84.27
G.TOTAL (A+B)	2,67,53,400	100.00

16.12 Dematerialisation of shares and liquidity

The ISIN of the Company's shares is INE 793G01027. After dematerialisation of shares the shareholders must contact their DPs for any information/instructions in respect of their shareholdings.

As on 31.03.2013, the status of dematerialisation of equity shares of the Company was as under:

S. No.	Particulars	Shareholders		Shareholding	
		(In Nos.)	(In %)	(In Nos.)	(In %)
1.	NSDL	253	43.62	19828538	74.12
2.	CDSL	122	21.03	6459362	24.14
3.	PHYSICAL	205	35.35	465500	1.74

16.13 Distribution of shareholding as on 31st March, 2013

Distribution	No. of Share holders	% of Shareholders	No of Shares	% of Shareholding
1 - 500	223	38.45	41914	0.16
501 - 1000	50	8.62	39850	0.15
1001 - 5000	77	13.28	247803	0.93
5001 - 10000	82	14.14	666015	2.49
10001 - 20000	40	6.90	645135	2.41
20001 - 30000	28	4.83	743352	2.78
30001 - 40000	11	1.90	376516	1.41
40001 - 50000	9	1.55	414800	1.55
50001 - 100000	26	4.48	1878628	7.02
above 100000	34	5.86	21699387	81.11
	580	100.00	26753400	100.00

16.14 Address for Correspondence:**Share Transfer and Demat**

INDUS PORTFOLIO PVT. LIMITED
G-65, Bali Nagar,
New Delhi-110015
Phones : +91-11-47671214

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

Any query on Annual Report:

Secretarial Department
PRITI MERCANTILE COMPANY LIMITED
15/76, IInd Floor, Old Rajinder Nagar,
New Delhi-110060
Phone : +91-11-42436846,47, 49
E-mail : pritimercantile@gmail.com

17. Non-mandatory Requirements:

The non mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

1. Remuneration Committee:

Your Company has a Remuneration Committee to recommend appointment /re-appointment and to recommend / review remuneration of the Managing Director / Whole Time Director / Executive Director.

2. Shareholders Right:

The quarterly, half yearly and annual results of your Company with necessary report there on are published in newspapers.

3. Audit Qualifications:

There are no qualifications in the Auditor's Report on the financial statements to the shareholders of the Company.

4. Training of Board Members:

There is no formal policy at present for training of the Board member of the Company as the members of the Board are eminent and experienced professional persons.

5. Whistle Blower policy:

The Company has not established whistle blower policy.

DECLARATION

To,

The Members of
Priti Mercantile Company Ltd.

Sub :- Declaration under Clause 49 of the listing Agreement.

I hereby declare that all the Directors and the designated personnel in the senior Mangement of the Company have affirmed compliance with their respective codes for the financial year ended 31st March, 2013.

For Priti Mercantile Company Ltd.

Place : New Delhi
Date : 29.08.2013

R. K. Modi
Managing Director

CERTIFICATION BY MANAGING DIRECTOR

To,
The Members of
Priti Mercantile Company Ltd.

Re: Financial Statements for the year ended 31st March, 2013 - Certification by Managing Director

I, R. K. Modi, Managing Director of the Company, to the best of my knowledge and belief, certify that:

1. I have reviewed the Financial Statements and Cash Flow Statement for the year 31st March, 2013 and that to the best of my knowledge and belief :
 - (a) these statement do not contain any materially untrue statement or omit any Material fact or contain statements that might be misleading.
 - (b) these statement together present a true and faire view of the company's affairs and are in compliance with existing accounting standards applicable laws & regulations.
2. There are to the best of my knowledge and belief, no transaction entered into by the during the year which are fraudulent illegal or violative of the Company's code of conduct.
3. I accept responsibility for establishing and maintain internal controls for financial reporting and that I have evaluated the effectiveness of the internal control system 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 such internal control, if any of which I am aware and the steps I have taken or propose to take rectify theses deficiencies.
4. I have indicate to the Auditors and the Audit Committee :
 - (a) Significant changes in the internal control over financial reporting during the year under review.
 - (b) Significant changes in accounting policies during the year.
5. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct under Clause 49 of the Listing Agreement, for the current year.

Place : New Delhi
Date : 30.05.2013

R. K. Modi
Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To,

The Members

Priti Mercantile Company Ltd.

1. We have examined the compliance of the conditions of Corporate Governance by Priti Mercantile Company Ltd. For the year ended 31st, March, 2013 as stipulated in clause 49 of the listing a greement of the said company with Stock Exchanges in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with guidance not on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of the Chartered Accountants of India and was limited to the 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 the opinion on the financial statement of the company.
3. In our opinion and to the best of our information and explanation given to us and the representation made by the Directors and the management we certify that the company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.
4. We Further report that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M. M. GOYAL & CO.
Chartered Accountants

Place : New Delhi
Dated : 29.08.2013

(MANMOHAN GOYAL)
Partner
M.No. 86085

MANAGEMENT DISCUSSION & ANALYSIS REPORT

MACROECONOMIC OVERVIEW

India's real GDP growth moderated significantly from 6.2% in 2011-12 to 5% in 2012-13. Q3FY13 GDP growth was the slowest in 15 quarters at 4.7%. The slowdown reflects continued sluggish investment activity in the economy as well as slowdown in consumption demand. While slower growth is a major worry, there are other headwinds in the economy as well. Thus, current account deficit remained unsustainably large at over 5% of GDP (for the 5th consecutive year) and inflation remained above 7% or 150 bps above long-term average for the 3rd consecutive year. Reflecting the weak macro environment, INR depreciated by over 20% against the USD in the past two years.

However, we believe that the macro cycle is gradually turning for the better. In the last two quarters, Government initiated several reform measures. These steps were well received by the industry and by foreign investors in particular.

As a result of moderation in both inflation and the twin deficits, we expect RBI to continue to cut policy rates. Improved monetary transmission should lead to corresponding cut in banks' lending rates. Lower interest rate is a key enabling factor (though not sufficient by itself) for recovery in the investment cycle.

Several reform measures, decline in commodity prices and steep drop in inflation augur well for the economy growth and better outlook for 2013-14.

PMC OVERVIEW AND FINANCIAL PERFORMANCE:

The Company is engaged in trading in shares, financial services and investment activities, during the year Company's income from financing and investments was 521.52 lacs during the year up 50% y-o-y over FY 12. The Company's product offerings include loans against property, personal loan, intercorporate deposit etc. The Company's loan portfolio stood at 9257.74 lacs as at March 2013 (6214.46 lacs in FY12) up 49% y-o-y. Distribution and marketing income comprises commission, brokerage and marketing income generated from distribution of third party products such as fixed deposits, debenture, commercial paper, bonds etc. During the year company's income from distribution and marketing was 189.90 lacs registering a growth of 13.50%.

OUTLOOK

Stock Market: The stock market sentiment continues to be affected by concerns about macro economic situation, rupee depreciation and policy inaction on important economic legislations/reform process. Equities markets have tendency to be unpredictable and can swing in either direction very quickly. However, we do foresee a dramatic uptick in the equities segment. In spite of short term headwinds, long term potential for these market are good.

Financing business: We expect interest rates to remain stable or move southward and liquidity to ease in the coming quarters. This should augur well for demand growth in financing and lending business.

Financial products distribution: If equities sentiment is muted, retail and HNI investors tend to overweigh their portfolio with other asset classes like fixed income, real estate, structured products, business of distribution/arrangement of fixed return product such as debenture, commercial paper, bonds etc. to grow in future.

To sum up, notwithstanding global uncertainties, regulatory tightening and cyclical economic downtrend, financial services industry in India on the whole, will continue to march ahead at a healthy pace in the long term. Your company has a de-risked business model with multiple products and is well placed to participate in the industry growth.

SEGMENT REPORTING

Accounting Standard 17 regarding Segment-wise Reporting does not apply to the Company since revenues are derived from only one segment i.e. finance activity.

OPPORTUNITIES & THREATS

Opportunities

- ◆ Increase in income levels will aid greater penetration of financial products.
- ◆ Positive regulatory reforms.
- ◆ Increase in corporate growth & risk appetite.
- ◆ Greater efficiency in debt market operations which will also help greater penetration.
- ◆ Increased securitization.
- ◆ Focus on selling new product/services.

Threats

- ◆ Inflation could trigger increase in consumer price inflation, which would dampen growth.
- ◆ Increased competition in both local & overseas markets.
- ◆ Unfavorable economic development.
- ◆ Market risk arising from changes in the value of financial instruments as a result of changes in market variables like interest rate and exchange rates.

RISK MANAGEMENT

Your company operates in the financial services sector, which is affected by variety factors linked to economic development in India and globally which, in turn, also affected global fund flows. Any economic event across the globe can have direct or indirect impact on your company. To Mitigate this, Company has diversified its revenue stream across multiple verticals. Your Company's risk management system is a comprehensive and integrated framework comprising structured reporting and stringent controls. Through its approach it strives to identify opportunities that enhance organizational values while managing or mitigating risks that can adversely impact the company's future performance. Within the organization, every decision taken, is after weighing the pros and cons of such a decision making taking note of the risk attributable.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

The Company has effective system in place for achieving efficiency in operations, optimum and effective utilization of resources, monitoring thereof and compliance with applicable laws. The board has also constituted an Audit Committee which meets periodically inter-alia to review the financial results, and the accuracy of financial records.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The company believes that the success of an organization largely depends on the quality of its workforce. Employee relations remained cordial and peaceful throughout the year.

CAUTIONARY STATEMENT

Any statement made in this report relating to company's perception of future outlook, objectives, expectations etc. may be considered as forward looking statements within the meaning of applicable securities laws and regulations which may differ from the actual results.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Priti Mercantile Company Limited.

Report on Financial Statements

We have audited the accompanying financial statements of Priti Mercantile Company Limited which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For M. M. GOYAL & CO.

Chartered Accountants
Firm Registration No.007198N

Place : New Delhi
Dated : 30.05.2013

(MANMOHAN GOYAL)

Partner
M.No. 86085

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Priti Mercantile Company Limited. on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and 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 and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
 - (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken loans from 2 companies listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 2679.95 Lakhs and the year-end balance due to such parties was 1859 Lakhs.
 - (f) The same loan is interest free. Other terms and conditions on which the loan has been taken are prima facie, not prejudicial to the interest of the company.
 - (g) Payment of principal amount has been regular.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) There were no transaction that need to be entered into the register maintained u/s 301 Act.
 - b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds 5 lakhs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have informed that the maintenance of cost records U/s 209(1)(d) of the companies act 1956 is not required by the company.

9. (a) According to the records of the company, undisputed statutory dues including P.F., Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given 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.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For M. M. GOYAL & CO.

Chartered Accountants
Firm Registration No.007198N

Place : New Delhi
Dated : 30.05.2013

(MANMOHAN GOYAL)
Partner
M.No. 86085

BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in ₹)

Particulars	Note No.	At the End of 31.03.2013	At the End of 31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	133,767,000	133,767,000
(b) Reserves and Surplus	3	131,433,443	124,832,516
(2) Share Application money pending allotment		—	—
(3) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	4	17,079	13,187
(4) Current Liabilities			
(a) Short-Term Borrowings	5	678,020,691	472,954,902
(b) Trade Payables		—	—
(c) Other Current Liabilities	6	17,234,393	12,749,527
(d) Short-Term Provisions	7	5,909,065	2,611,054
Total Equity & Liabilities		966,381,671	746,928,186
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	1,467,926	1,554,526
(b) Investments	9	21,230,000	87,450,000
(2) Current Assets			
(a) Inventories	10	4,098,879	10,309,160
(b) Trade receivables	11	—	1,656,846
(c) Cash and cash equivalents	12	543,215	12,751,036
(d) Short Term Loans and advances	13	939,041,651	633,206,618
Total Assets		966,381,671	746,928,186
Significant Accounting Policies	1-29		

This is the Balance Sheet referred to in our Report of even date.

FOR M. M. GOYAL & CO.
Chartered Accountants

(MANMOHAN GOYAL)
Partner
Membership No. : 86085

Place : New Delhi
Date : 30.05.2013

FOR PRITI MERCANTILE COMPANY LTD.

(R. K. MODI)
Managing Director

(REKHA MODI)
Director

(RAMAN KUMAR)
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

Sr. No	Particulars	Note No.	At the End of 31.03.2013	At the End of 31.03.2012
I	Sale of Stocks & Shares		13,385,65	32,185,983
II	Revenue from Operations	14	71,163,833	52,320,353
III	Total Revenue (I +II)		84,549,482	84,506,336
IV	Expenses:			
	Purchase of Stocks & Shares		16,723,673	51,036,789
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	15	6,210,280	(1,198,661)
	Employee Benefits Expenses	16	5,441,400	3,199,871
	Finance Cost	17	21,861,356	17,310,665
	Depreciation and Amortization Expense	18	237,794	267,776
	Other Administrative Expenses	19	13,795,918	3,108,142
	Total Expenses (IV)		64,270,421	73,724,582
V	Profit before exceptional and extraordinary items and tax (III - IV)		20,279,062	10,781,754
VI	Exceptional Items		—	—
VII	Profit before extraordinary items and tax (V - VI)		20,279,062	10,781,754
VIII	Extraordinary Items		—	—
IX	Profit before tax (VII - VIII)		20,279,062	10,781,754
X	Tax expense :			
	(1) Current tax		5,909,065	2,611,054
	(2) Deferred tax		3,892	(1,696)
XI	Profit(Loss) from the period (IX - X)		14,366,105	8,172,396
XII	Earning per equity share:			
	(1) Basic		0.53	0.61
	(2) Diluted		0.53	0.71
XIII	No of weighted average shares used in computing EPS			
	(1) Basic		26,753,400	13,376,700
	(2) Diluted		26,753,400	11,518,825
	Face Value Per Share		5	10

Significant Accounting Policies

1-29

This is the Balance Sheet referred to in our Report of even date.

FOR M. M. GOYAL & CO.

Chartered Accountants

(MANMOHAN GOYAL)

Partner

Membership No. : 86085

Place : New Delhi

Date : 30.05.2013

FOR PRITI MERCANTILE COMPANY LTD.**(R. K. MODI)**
Managing Director**(REKHA MODI)**
Director**(RAMAN KUMAR)**
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

- (a) Financial Statements are prepared under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles and the Accounting Standards referred to in Section 211(3C) of The Companies Act, 1956. Accounting policies not specifically referred to otherwise are consistent and in consonance with prudent accounting principles.
- (b) **Use of Estimates:** The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.
- (c) All assets and liabilities have been classified as Current or Non-Current as per the operating cycle criteria set out Revised Schedule VI to the Companies Act, 1956.

2. REVENUE RECOGNITION :

All income and expenditure are accounted for on accrual basis. Shares/ Securities are capitalized at cost inclusive of brokerage, Service Tax, Education Cess. Depository Charges, Securities Transaction Tax and other miscellaneous transaction charges, which due to practical difficulty cannot be identified/ allocated to a particular transaction, are charged directly to Profit & Loss Account.

3. FIXED ASSETS:

Fixed assets are stated at cost less accumulated depreciation and amortization.

4. DEPRECIATION:

Depreciation is provided on fixed assets on Diminishing Balance Method at the rates and in the manner specified in schedule XIV to The Companies Act, 1956.

5. INVESTMENTS:

Investment are classified into Non-Current Investment. Long Term Investments are stated at cost.

6. INVENTORIES

Inventories are valued at weighted average cost or net realizable value whichever is lower. Cost is determined on First-In-First-Out (FIFO) basis.

7. EMPLOYEE BENEFITS:

Employee Benefits are recognised / accounted for on the basis of revised AS-15 detailed as under:

- (a) Short-term employee benefits are recognised at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- (b) Termination benefits are recognised as an expense as and when incurred.
- (c) Employee benefits under defined benefit plans comprise of gratuity, which is accounted for as at the year-end based on actuarial valuation.
- (d) The actuarial gains and losses arising during the year are recognised in the Profit and Loss Account of the year without resorting to amortization.

8. BROKERAGE/COMMISSION INCOME:

Brokerage/Commission Income is accounted for as and when the bills are raised. In respect of contracts pending for execution, the income or brokerage is recognised on the date of performance of the contract.

9. INCOME FROM INVESTMENTS:

Income from investments, where appropriate are taken into full on declaration or receipt and tax deducted at source thereon is treated as advance tax. other privileges to the company.

10. MISCELLANEOUS EXPENDITURE:

All items included in Miscellaneous Expenditure have been amortized in equal installments over a period of ten years.

11. TAXATION:

Tax expenses for the year comprises of Current Tax and Deferred Tax charge or credit. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax law are recognised only if there is virtual certainty of its realization. Other Deferred Tax assets are recognised only to the extent there is a reasonable certainty of realization in future. Deferred Tax assets/ liabilities are reviewed at each Balance Sheet Date based on development during the year, further future expectations and available case laws to re-assess realization/liabilities.

12. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss is recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

13. 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.

14. In the opinion of the Board, the Current assets, Loans & Advances are approximately of the value stated if realized in the ordinary course of the business. The provision of all known liabilities is adequate.

(A) In the opinion of Management, the Company is mainly engaged in the activities of Sale/ Purchase of Shares & Securities & other related ancillary services in current year and therefore there are no separate reportable segments as per Accounting Standard (AS-17) "Segment Reporting".

(B) The Company operates in India and hence there are no reportable geographical segment.

15. There are no amounts payable to any micro enterprises & small enterprises as identified by management from the information available with the company & relied upon by auditor.

Note : 2 Share Capital

Sr. No	Particulars	At the End of 31.03.2013 No.	At the End of 31.03.2013 ₹	At the End of 31.03.2012 No.	At the End of 31.03.2012 ₹
a	AUTHORISED CAPITAL Equity Shares of ₹ 5/- each (P.Y. ₹ 10/- each)	30,000,000	150,000,000	15,000,000	150,000,000
b	ISSUED, SUBSCRIBED & PAID UP CAPITAL Equity Shares of ₹ 5/- each (P.Y. ₹ 10/- each)	26,753,400	133,767,000	13,376,700	133,767,000
	Total in ₹	26,753,400	133,767,000	13,376,700	133,767,000

- a. Equity Shares: The Company has one class of equity shares having a par value of ₹ 5/- each (P.Y. ₹ 10/-). Each holder of equity shares is entitled to one vote per share.
- b. The company declares and pays dividend in Indian Rupees. The proposed dividend by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting, except in case of Interim Dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.
- c. The Board of Directors in the meeting on (Date of Board meeting in which BS is approved) proposed a Dividend of ₹ 0.25 per equity share. The proposal is subject to approval of shareholders at the Annual General Meeting. The total dividend appropriation for the year ended March 31, 2013 amounted to ₹ 7788928/- including dividend distribution tax.
- d. During the year the company has not allotted any bonus shares.
- e. Company has issued 4458900 equity shares of ₹10/- (8917800 shares of ₹5/- each after splitting up of shares) each as bonus shares during the period of five years immediately preceding the reporting date. There are no shares issued for consideration other than cash and also company has not bought back any share during the period of five years immediately preceding the reporting date.
- f. The Company has sub divided every equity shares of ₹10/- each in to two equity share of ₹5/- each during the FY 2012-13.

2 A Reconciliation of number of Shares

Sr. No	Particulars	At the End of 31.03.2013 No.	At the End of 31.03.2013 ₹	At the End of 31.03.2012 No.	At the End of 31.03.2012 ₹
a	Shares Outstanding at the beginning of the Year	13,376,700	133,767,000	8,917,800	89,178,000
b	Share Issued during the year (Bonus Issue) 1 Share for every 2 shares held	—	—	4,458,900	44,589,000
c	Shares bought back during the year	—	—	—	—
d	Any other movement (Subdivision of Equity Shares of ₹ 10/- to equity Shares of ₹ 5/-)	13,376,700	—	—	—
	Shares Outstanding at the end of the year	26,753,400	133,767,000	13,376,700	133,767,000

2 B Details of shares held by shareholders holding more than 5 % of aggregate shares in the company

Sr. No	Particulars	At the End of	At the End of	At the End of	At the End of
		31.03.2013	31.03.2013	31.03.2012	31.03.2012
		No.	%	No.	%
a	RRP Management Services P. Ltd.	1,729,500	6.465	864,750	6.465
b	Prabhat Management Services P. Ltd.	1,667,000	6.231	833,500	6.231
c	SMC Global Sec Ltd.	2,391,027	8.94	—	—
d	Ecomony Suppliers P. Ltd.	2,328,114	8.70	—	—
e	Seabird Vincon P. Ltd.	2,104,663	7.87	—	—
f	Embassy Sales P. Ltd.	1,760,718	6.58	—	—
g	Seabird Retails P. Ltd.	1,695,157	6.34	—	—
h	Seabird Distributers P. Ltd.	1,437,554	5.37	—	—

- a. As per the records of the Company, including its register of shareholders/members.
- b. There are no shares reserved for issue under options and contracts/commitments for sale of shares/disinvestment.
- c. There are no unpaid calls from any Director or Officer.

Note : 3 Reserve & Surplus

Sr. No	Particulars	At the End of	At the End of
		31.03.2013	31.03.2012
		(₹)	(₹)
a	Statutory Reserve	2,873,221	—
	Closing Balance	2,873,221	—
b	Share Premium Account		
	Opening balance	107,898,000	152,487,000
	Less: Bonus Issue made during the Year	—	44,589,000
	Closing Balance	107,898,000	107,898,000
c	Surplus in Statement of Profit & Loss		
	Opening Balance	17,077,016	16,677,988
	Add: Net Profit for the year	14,366,105	8,172,396
	Less: Transferred to Statutory Reserve	2,873,221	—
	Less: Proposed Dividend	6,688,350	6,688,350
	Less: Tax on Proposed dividend	1,100,578	1,085,018
	Closing Balance	20,780,971	17,077,016
d	Misc Expenditure (Dr Balances)		
	Share Issue Expenses	(118,750)	(142,500)
	Total	(118,750)	(142,500)
	Total in ₹	131,433,442	124,832,516

The Board of Directors in the meeting on (Date of Board meeting in which BS is approved) proposed a Dividend of ₹0.25 per equity share. The proposal is subject to approval of shareholders at the Annual General Meeting. The total dividend appropriation for the year ended March 31, 2013 amounted to ₹77,88,928/- including dividend distribution tax.

Note : 4 DEFFERED TAX LIABILITIES

Sr. Particulars No	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
a Deffered Tax Liability due to Diff. in Depreciation as per IT Act & Companies Act	17,079	13,187
Total in ₹	17,079	13,187

Note : 5 Short Term Borrowings

Sr. Particulars No	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
a Secured Loans	—	—
b Unsecured Loans		
Loans Repayable on Demand		
From Body Corporates	462,920,691	414,274,902
From Other	29,200,000	58,335,000
From Related Parties	185,900,000	345,000
Total in ₹	678,020,691	472,954,902

Note : 6 Other Current Liabilities

Sr. Particulars No	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1 Expenses Payable	513,560	55,490
2 Unclaimed Dividend:-		
2010-2011	36,000	58,400
2011-2012	337,797	—
3 Duties & Taxes Payable	3,758,551	4,862,269
4 Proposed Dividend	6,688,350	6,688,350
5 Tax on Proposed Dividend	1,100,578	1,085,018
7 HDFC Bank Ltd. Patel Nagar, New Delhi	4,799,558	—
Total in ₹	17,234,393	12,749,527

Note : 7 Short Term Provisions

Sr. Particulars No	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1 Provision for Taxation	5,909,065	2,611,054
Total in ₹	5,909,065	2,611,054

(Amount in ₹)

Note: 8 Fixed Asset
SCHEDULE AS PER COMPANIES ACT OF 1956

Sr. No	Particulars	Gross Block (Cost/Valuation)		Depreciation/Amortisation/impairment			Net Block				
		01.04.2012	Addition during the year	Disposal during the year	31.03.2013	Upto 31.03.2012	Charge During the Year	Disposal Adjustments	Upto 31.03.2013	31.03.2013	31.03.2012
	Tangible Assets										
1	Computer	144,475	42,700	—	187,175	130,625	10,846	—	141,471	45,704	13,850
2	Mobile Phone	77,550	38,998	—	116,548	19,273	8,419	—	27,692	88,856	58,277
3	Vehicles	1,780,815	51,896	—	1,832,711	524,465	177,257	—	701,722	1,130,989	1,256,350
4	Electric Equipment	38,490	—	—	38,490	8,641	4,124	—	12,965	25,525	29,649
5	Furniture & Fixtures	260,700	9,600	—	270,300	76,196	34,493	—	110,689	159,611	184,504
6	Office Equipment	13,009	8,000	—	21,009	1,113	2,654	—	3,767	17,242	11,896
	Total (Current Year)	2,315,039	151,194	—	2,466,233	760,513	237,793	—	998,306	1,467,927	1,554,526
	Previous Year	2,298,230	16,809	—	2,315,039	492,737	267,776	—	760,513	1,554,526	1,805,493

Note: 9 Non - current investments

Sr. No.	Name of Company	No. of Shares		Partly/fully paid	Amt. in ₹	
		As at 31.03.13	As at 31.03.12		As at 31.03.13	As at 31.03.12
a	Trade Investments (Unquoted)					
1	Aradhham Portfolio Investment (P) LTD.	—	25,000	Fully	—	2,500,000
2	B Dev Reality Pvt. Ltd.	31,250	—	Fully	2,500,000	—
3	Bhavnish Metal India (P) LTD.	—	125,000	Fully	—	5,000,000
4	Bhavya Realtors (P) LTD.	—	15,000	Fully	—	1,500,000
5	BIR Engineering Services (P) LTD.	—	2,000	Fully	—	500,000
6	Cosmos Fibre Glass LTD.	—	65,000	Fully	—	6,500,000
7	Cross Trade Lines (P) LTD.	20,000	20,000	Fully	10,000,000	10,000,000
8	Daksh Leafins (P) LTD.	—	35,000	Fully	—	3,500,000
9	Dasoar Constructions (P) LTD.	—	30,000	Fully	—	1,500,000
10	Decor Modular System (P) LTD.	—	20,000	Fully	—	1,000,000
11	EPS Finvest (P) LTD.	22,000	22,000	Fully	2,200,000	2,200,000
12	Golden Glow Enterprises (P) LTD.	—	16,000	Fully	—	2,000,000
13	Gold Squire Builders & Promoters (P) LTD.	15,300	13,000	Fully	1,530,000	1,300,000
14	Hi-Pack & Fill Machines (P) LTD.	—	100,000	Fully	—	2,000,000
15	Kawatra Papers (P) LTD.	—	6,000	Partly	—	4,500,000
16	Maheshwari Roller Floor Mills (P) LTD.	—	5,000	Fully	—	5,000,000
17	P.S. Shares Pvt. Ltd.	10,000	—	Fully	2,400,000	—
18	Rajeshwari Petro Chem (P) LTD.	—	2,000	Fully	—	1,000,000
19	R.G. Data Product (P) LTD.	—	12,500	Fully	—	250,000
20	RP Finance Co. Ltd.	20,000	—	Fully	2,600,000	—
21	Saurabh Credit & Securities LTD.	—	7,000	Fully	—	700,000
22	S.B. Syscon (P) LTD.	—	30,000	Fully	—	3,000,000
23	Smart Infracom (P) LTD.	—	12,500	Fully	—	5,000,000
24	Sonakshi Marketing (P) LTD.	—	16,000	Fully	—	2,000,000
25	Verma Buildmat (P) LTD.	—	60,000	Fully	—	3,000,000
26	VNS Trading (P) LTD.	—	50,000	Fully	—	2,500,000
27	Xtra Power Tools (P) LTD.	—	150,000	Fully	—	15,000,000
28	BR Agro Foods (P) LTD.	—	120,000	Fully	—	6,000,000
	Total in ₹				21,230,000	87,450,000

Note: 10 Inventories

Name of the Company	Face Value	No. of Shares	As at 31.03.2013	No. of Shares	As at 31.03.2012
Quoted					
Ahmed Nagar Forging Ltd.	10/-	6	645	6	746
Anant Raj Ltd.	2/-	2,000	126,100	—	—
Brijlaxmi Leasing & Finance Ltd.	1/-	6,000	1,500	6,000	1,500
Film City Media Ltd.	1/-	1,375,000	990,000	12,500,000	2,500,000
Global Film & Broadcasting Ltd.	1/-	13,500	165,143	13,500	165,143
Gtech Info Training Ltd.	1/-	67,000	26,800	67,000	34,913
Jaipan Industries Limited	10/-	844	9,056	844	14,770
Kolte Patil Developers Ltd.	10/-	5,000	443,250	—	—
Maharashtra Corporation Ltd.	10/-	1,609	9,557	1,609	9,557
Network 18 Media & Inv. Ltd.	5/-	11,840	346,912	—	—
NMDC Ltd.	10/-	5,000	687,750	—	—
Pentafour Media & Graphics Ltd.	10/-	200	286	200	286
Shalimar Production Ltd.	1/-	30,553	36,664	1,000	1,410
Surya India Limited	10/-	238,125	726,281	238,125	726,281
TV 18 Broadcast Ltd.	2/-	10,000	288,500	—	—
UCO Bank	10/-	3,000	167,250	—	—
Visagar Financial Serv. Limited	2/-	—	—	62,084	6,755,695
Visagar Polytex Ltd.	1/-	515	73,186	700	98,859
Total in ₹			4,098,879		10,309,160

Inventories are valued at weighted average cost or net realizable value whichever is lower. Cost is determined on First-In-First-Out (FIFO) basis.

Note : 11 Current Asset -Trade Recievables

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Outstanding for more than six months		
	a) Secured, Considered Good :	—	—
	b) Unsecured, Considered Good :	—	—
	c) Doubtful	—	—
	Less: Provision	—	—
2	Others		
	a) Secured, Considered Good :	—	—
	b) Unsecured, Considered Good :	—	1,656,846
	c) Doubtful	—	—
	Total in ₹	—	1,656,846

Note : 12 Current Asset -Cash & Cash Equivalent

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Cash-in-Hand		
	Cash in hand	66,336	710,267
	Sub Total (A)	66,336	710,267
2	Balances at Banks		
a	Bank of Baroda	10,296	10,296
b	HDFC Bank Ltd. New Delhi	49,197	48,993
c	HDFC Bank Ltd Patel Nagar, New Delhi	—	8,906,936
d	ICICI Bank Ltd, New Delhi	43,590	3,016,144
e	HDFC Dividend A/C (FY 2010-11)	36,000	58,400
f	HDFC Dividend A/C (FY 2011-12)	337,797	—
	Sub Total (B)	476,879	12,040,769
	Total [A + B]	543,215	12,751,036

Note : 13 Short Terms Loans and Advances

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Loans & Advances to related parties		
a)	Secured, Considered Good :		
	Advance to Associate Concerns	—	—
b)	Unsecured, Considered Good :	—	—
c)	Doubtful	—	—
2	Others	925,774,534	621,646,756
	Advance Recoverable in cash or in kind or for value to be considered good		
	TDS 2011-12	—	4,120,786
	TDS 2012-13	5,993,309	—
	Refundable from IT Authorities (AY11-12)	232,171	232,171
	Refundable from IT Authorities (AY12-13)	1,509,732	—
	FBT Refundable	6,905	6,905
	Share Application Money to Corporates	5,500,000	7,200,000
	Security to Landlord- rampur	25,000	—
	Total in ₹	939,041,651	633,206,618

- a. In the opinion of the Board of Director of the Company, all items of 'Current Assets, loans and Advances', continue to have a realizable value of at least the amount at which they are stated in the Balancesheet, unless otherwise stated.

Note : 14 Revenue from Operations

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Interest on FDR	41	507,232
2	Interest income	50,102,848	32,246,532
3	Dividend income	5,206	3,515
4	Income from Trading in F & O	—	324,209
5	Income on Sale of Investments	2,050,000	2,490,000
6	Income from Speculative Activities	14,943	—
9	Brokerage from Distribution Operation	18,990,795	16,748,865
Total in ₹		71,163,833	52,320,353

Note : 15 Change in Inventories

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Opening Stock of Shares	10,309,160	9,110,498
2	Closing Stock of Shares	4,098,879	10,309,159
Total in ₹		6,210,280	(1,198,661)

Note : 16 Employee Benefits Expenses

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Salary	5,441,400	3,199,871
Total in ₹		5,441,400	3,199,871

Note : 17 Finance Costs

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Interest & Bank Charges	21,861,356	17,310,665
Total in ₹		21,861,356	17,310,665

Note : 18 Depreciation & Amortisation Expenses

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Depreciation	237,794	267,776
Total in ₹		237,794	267,776

Note : 19 Other Administrative Expenses

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Audit Fee	112,360	55,150
2	Advertisement & Publicity	102,596	63,951
3	Board Meeting Fee to Directors	205,500	186,000
4	Books & periodicals	52,934	39,950
5	Brokerage & Commission	10,365,200	180,000
6	Computer Maintanace	20,146	28,300
7	Conveyance Charges	364,016	328,351
8	Custodian Charges - CDSL	46,068	28,678
9	Custodian Charges - NSDL	36,259	29,781
10	Staff Welfare	71,600	20,300
11	Listing Fee paid to Stock Exchanges	84,930	122,505
12	Miscellaneous Expenses	10,208	1,298
13	Office Expenses	214,117	218,581
14	Postage & Courior Expenses	128,405	115,265
15	Preliminary Expenses W/Off	23,750	23,750
16	Printing & Stationery Expenses	150,099	125,620
17	Professional Charges	815,996	339,163
18	Registrar & Transfer Agent Expenses	12,585	12,906
19	Rent Rates & Electricity Charges	309,815	226,185
20	ROC Filling Fees	7,000	263,000
21	Share Trading Expenses	27,856	92,830
22	Telephone Expenses	107,403	85,313
23	Travelling Expenses	167,701	212,371
24	Vehicle Running & Maintainance	359,374	308,894
Total in ₹		13,795,918	3,108,142

20. Related Party Disclosures:**(A) List of related parties** (Where transactions have taken place)

i. Ker Managerial Personnel & their Relatives

S. NO.	NAME	RELATION
1	Raj Kumar Modi	Managing Director
2	Rekha Modi	Director
3	Gauri Shankar Modi	Relative of Director

ii. Enterprise over which Key Management person and his relatives exercise significant influence

S.No.	Name
1	RRP Management Services Pvt Ltd
2	Prabhat Management Services Pvt Ltd

(B) Transaction with related parties:

Particulars	Key Management Personnel & Relatives		Enterprises having significant influence over the Company		Enterprise over which Key Management person and his relatives exercise significant influence	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Rent Paid	210,000	180,000	NIL	NIL	NIL	NIL
Director Remuneration Paid	1,500,000	NIL	NIL	NIL	NIL	NIL
Inter Corporate Deposits availed	NIL	NIL	NIL	NIL	315,650,000	65,475,000
Inter Corporate Deposits Repaid	NIL	NIL	NIL	NIL	129,750,000	65,475,000
Unsecured Loan Received	NIL	345,000	NIL	NIL	NIL	NIL
Unsecured Loan Repaid	345,000	NIL	NIL	NIL	NIL	NIL
Balance Outstanding at year end						
Unsecured Loan	NIL	345,000	NIL	NIL	NIL	NIL
Inter Corporate Deposit	NIL	NIL	NIL	NIL	185,900,000	NIL

(C) Related parties are identified by the management & relied upon by the Auditor.**(D)** No balance in respect of related parties have been written off.

- 21.** Documents of Car No. DL 3C BA 2675 of the company are in the name of Sh. R.K. Modi Managing Director of the company.
- 22.** Provision for tax is made for both Current and Deferred Taxes. Provision for current Income Tax is made on the current tax rates based on assessable income. The Company has provided for deferred tax in accordance with AS-22.

23. Deferred Tax (Net)

	Deferred tax Liab. As at 31.03.2012	Current Year Deferred Tax Assets	Deferred tax Liab. As at 31.03.2013
(Difference between book and tax Depreciation)	13,187	3,892	17,079

24. Payment to Director's

Sr. No	Particulars	At the End of 31.03.2013 (₹)	At the End of 31.03.2012 (₹)
1	Salary	1,500,000	—
2	Director's Sitting Fees	205,500	186,000

25. Expenditure on employee's in respect of remuneration in aggregate of not less than Rs. 2,400,000/- P.A. or Rs. 200,000/- P.M. when employed for a part of the year. **NIL**

26. Balance due to / from some of the parties are subject to confirmation.

27. Previous year's figures are re-classified, re-grouped, re-arranged where is necessary.

28. Payment of Dividend

Dividend is paid under three modes viz:

- National Electronic Clearing Services (NECS)
- National Electronic Fund Transfer (NEFT)
- Physical dispatch of Dividend Warrants

29. Quantative information pursuant to the provisions of paragraphs 3, 4C, 4D pf Part II of Schedule VI of the Companies Act.

Shares, Securities, Bonds & Commodities	Qty.	Amount
Opening Stock	12891068	10309160.00
(Previous Year)	382409	9110498.47
Purchases	495403	16723672.70
(Previous Year)	13027290 110 MT	51036789.41
Sales	491279	13385649.66
(Previous Year)	518631 110 MT	32185983.04
Closing Stock	1770192	4098979.45
(Previous Year)	12891068	10309160.00

As per our report of even date attached

FOR M. M. GOYAL & CO.

Chartered Accountants

(MANMOHAN GOYAL)

Partner

Membership No. : 86085

Place : New Delhi

Date : 30.05.2013

FOR PRITI MERCANTILE COMPANY LTD.

(R. K. MODI)

Managing Director

(REKHA MODI)

Director

(RAMAN KUMAR)

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

	As on 31-03-2013 (₹)	As on 31-03-2012 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	20,279,062	10,781,753
Adjustment for:		
Depriciation/amortisation	237,794	267,776
Preliminary expenses W/Off	23,750	23,750
Operating Profit Before working capital changes	<u>20,540,606</u>	<u>11,073,279</u>
Adjustment for:		
Inventories	6,210,280	(1,198,662)
Trade receivables	1,656,846	(1,656,846)
Short term Loans & advances	(305,835,033)	(78,211,261)
Short -Term Borrowings	205,065,789	127,991,014
Trade payables	—	—
Other current Liabilities	7,782,877	2,545,164
Cash generated from operations	<u>(64,578,635)</u>	<u>60,542,688</u>
Income taxes paid	(5,909,065)	(2,611,054)
Proposed dividend	(6,688,350)	(6,688,350)
Dividend tax	(1,100,578)	(1,085,018)
Net cash from operating Activities	<u>(78,276,628)</u>	<u>50,158,266</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(151,194)	(16,809)
Sale of Investments	73,950,000	—
Purchase of investments	(7,730,000)	(47,950,000)
Net cash from/(used in) investing activities	<u>66,068,806</u>	<u>(47,966,809)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowings	—	—
Secured Loans	—	—
Unsecured Loans	—	—
Net cash from/ (used in) Financing Activities	<u>—</u>	<u>—</u>
Net increase / (decrease) in csh and cash equivalents	(12,207,822)	2,191,457
Cash and Cash Equivalents as at March 31, (Opening balance)	12,751,036	10,559,578
Cash and Cash Equivalents as at March 31, (Closing balance)	<u>543,215</u>	<u>12,751,036</u>

FOR AND ON BEHALF OF THE BOARD

(R. K. MODI)
MANAGING DIRECTOR(REKHA MODI)
DIRECTORPlace : New Delhi
Date : 30.05.2013(RAMAN KUMAR)
COMPANY SECRETARY

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Priti Mercantile Company Limited for the year ended March 31, 2013 derived from audited financial statements, prepared by the Company in accordance with Clause 32 of the Listing Agreement with the Stock Exchange and found the same in accordance therewith.

For M. M. GOYAL & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 30.05.2013

(MAN MOHAN GOYAL)
Partner
M.No. 86085

PRITI MERCANTILE COMPANY LIMITED

Regd.Office : B-10, VIP Colony, Civil Lines, Rampur - 244901 (U.P.)

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

#FOLIO NO.....

#NO OF SHARES HELD.....

CLIENT ID.

NAME OF THE MEMBER.....

(in block letters)

NAME OF PROXY.....

(if any)

I hereby record my presence at the 28th Annual General Meeting of the Company held on Monday, 23rd September, 2013.

.....
Signature of the Member/Proxy

#ADMISSION SLIP WITHOUT THIS INFORMATION WILL NOT BE ACCEPTED

PRITI MERCANTILE COMPANY LIMITED

Regd.Office : B-10, VIP Colony, Civil Lines, Rampur - 244901 (U.P.)

PROXY FORM

FOLIO NO.

NO. OF SHARES HELD

CLIENT ID.

I/Weof.....in the district of.....being member/members of the above named company hereby appoint.....of failing him/her.....of.....in the district of.....as my/our proxy to attend and vote for me/us our behalf at the 28th Annual General Meeting of the Company to held on Monday, 23rd September, 2013 at 10.00 a.m. at Regd. Office and any adjournment thereof.

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

Signature.....



Note : This form should signed across the stamp as per specimen signature with the company. The proxy must reach the Registered Office of the company not less than 48 Hours before the time fixed for holding the aforesaid meeting.

PRITI MERCANTILE COMPANY LIMITED

Corporate Office:

15/76, 2nd Floor, Old Rajender Nagar

New Delhi - 110060