

**25th
Annual Report & Accounts
2009-2010**

PMC

**PRITI MERCANTILE
COMPANY LIMITED**

**Annual General Meeting on 30.08.2010
on Monday at the Registered office of
the Company at 10-B, VIP Colony,
Civil Line, Rampur (U.P.)**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. R. K. Modi, Managing Director
Mrs. Rekha Modi, Director*
Mr. Krishan Gupta, Director**
Mr. D.K.Gupta, Director
Mr. Sanjay Singh, Director***
Mr. R. A. Tripathi, Director***
Mr. Pramod Gupta, Director****
Mr. Vishnu Bhagwan Aggarwal, Director****

Note:-

- * Mrs. Rekha Modi has been appointed as Additional Director of the Company w.e.f. 17.12.2009
- ** Mr. Krishan Gupta has vacated his office as Director w.e.f 17.12.2009.
- *** Mr. Sanjay Singh & Mr. R. A. Tripathi has vacated his office as Director w.e.f 30.04.2010.
- **** Mr. Pramod Gupta & V B Aggarwal has been appointed as Additional Directors of the Company w.e.f. 30.04.2010

Ms. Komal Jha
Company Secretary

STATUTORY AUDITORS

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

PRINCIPAL BANKERS

HDFC Bank Ltd.
Bank of Baroda
The Bank of Rajasthan Ltd.

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

Indus Portfolio Pvt. Ltd.
G-65, Bali Nagar, New Delhi - 110 015

CORPORATE OFFICE

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

STOCK EXCHANG WHERE COMPANY'S SHARE IS LISTED

Uttar Pradesh Stock Exchange

ISIN NO. NSDL/CDSL

INE 793G01019

PRITI MERCANTILE COMPANY LTD.

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of **M/S PRITI MERCANTILE COMPANY LIMITED** will be held on 30.08.2010 on Monday at the Registered office of the Company at 10-B, VIP Colony, Civil Line, Rampur (U.P.) at 10:30 A.M. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2010 and the reports of the Directors and the Auditors thereon.
2. To confirm the payment of interim dividend declared by the Board of Directors in its Meeting held on 14.01.2010
3. Mr. R. K. Modi, Director of the Company retire by rotation and offer himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**.

"**RESOLVED THAT** M/s M. M. Goyal & Co., Chartered Accountants be and are hereby reappointed as Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on Such remuneration and other terms and conditions as may decided by the Audit Committee/Board of Directors.

SPECIAL BUSINESS :

5. To consider any thought fit, to pass with or without modifications the following resolution as a **Ordinary Resolution:**

"**RESOLVED THAT** Mrs. Rekha Modi, Who was appointed with effect from 17.12.2009 as an Additional Director and hold office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the Director, be and is hereby appointed as a Director of the company."

6. "**RESOLVED THAT** Mr. Pramod Gupta, Who was appointed with effect from 30.04.2010 as an Additional Director and hold office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the Director, be and is hereby appointed as a Director of the company."

7. "**RESOLVED THAT** Mr. Vishnu Bhagwan Aggarwal, Who was appointed with effect from 30.04.2010 as an Additional Director and hold office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the Director, be and is hereby appointed as a Director of the company."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **special Resolution:**

"**RESOLVED THAT** to provide liquidity to securities, increase in value of share holder and protect interest of investors by ensuring full disclosure in this regard the Board of Directors recommends to list company shares also at Bombay Stock Exchange presently the company are listed at Uttar Pradesh Stock Exchange, there have been no trading in the shares of the company on the exchange for past 6-7 years.

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RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all necessary steps in this regard in order to comply with all the procedural formalities to grant approval for listing of shares in accordance with the provision of the securities contract (Regulations) Act, 1956, securities (Regulations) Rules 1957, companies Act, 1956, guidelines issued by the SEBI and Rules Bye Laws and Regulations and further to authorized any in Director/officers of the company to do all such act as may be necessary to give effect to this resolution.

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

Place : New Delhi
Date : 31.07.2010

(KOMAL JHA)
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 authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Member requested to bring their attendance slip along with the copy of Annual Reports at the Meeting.
4. An Explanatory pursuant to Section 173(2), of the Companies Act, 1956 relating to the ordinary & special business to be transacted at the meeting is enclosed herewith.
5. The Instruments appointing a proxy should however be deposited at the registered office of the company not less then 48 Hours before the commencements of the meeting.
6. 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.
7. The Shares Transfer Book and Members Register of the company will remain closed from 23rd Aug. 2010 to 30th Aug. 2010 (both days inclusive) in terms of the provision of section 154 of the Companies Act,1956.
8. As required the listing agreement, details of the Directors retiring by rotation (Item No. 3 Notice and Item No. 5-7 Notice is eligible for re-appointment and appointment is annexed herewith.)
9. The shares holder are requested to notify changes in these respective addresses if any to the registered office / Registrar & Share Transfer agent of the Company quoting their folio no.

PRITI MERCANTILE COMPANY LTD.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, following information is furnished about the Directors proposed to be re-appointed & appointed.

At the ensuing Annual general Meeting, Mr. R. K. Modi, Director of the company retire by rotation and being eligible offer himself for re-appointment.

The brief resume, experience, functional expertise and the membership on various Board and Committees, of the Directors proposed to be re-appointed at item no. 3 and appointed in Item 5,6 & 7 of the notice as per the corporate Governance code defined under clauses 49 of the Listing Agreement are furnished below:

Mr. R. K. Modi : Mr. Raj Kumar Modi has over 15 years of experience in management & Marketing in field of financial sector and capital market.

Mrs. Rekha Modi : Mrs. Rekha Modi has over 10 years of experience in Legal Matters relating to financial & capital market.

Mr. Pramod Gupta : Mr. Pramod Gupta has over 5 years of experience in Marketing of financial product and capital market.

Mr. V B Aggarwal : Mr. V B Aggarwal has over 10 years of experience in management & financial matters.

Name of the Directors	Mr. R. K. Modi	Mrs. Rekha Modi	Mr. Pramod Gupta	Mr. V B Aggarwal
Date of Birth	13th Nov. 1967	7th Feb. 1970	12th Sep. 1961	30th Nov. 1960
Age	43 years	41 years	49 Years	50 Years
Date of Appointment	27.01.2003	17.12.2009	30.04.2010	30.04.2010
Experience in Specified Functional area	Rich & vast experience of over 15 years in Financial Market	Experience in Legal Matters	Experience in Marketing in Financial Products	Experience in Financial Matters
No. of Share Held in the Co.	30000 Sh.	160000 Sh.	NIL	NIL
Qualification	B.Com	B.A, L.L.B	B.Com	B.Com, FCA
List of other companies in which associated as director	RRP Management Services Private Limited	RRP Management Services Pvt. Ltd.	NIL	NIL
	Prabhat Management Services Pvt. Limited	Prabhat Management Services Pvt. Limited		
Chairmen Membership of the Committee of the Board of other Companies in which associated as Director.	NIL	NIL	NIL	NIL

PRITI MERCANTILE COMPANY LTD.

EXPLANATORY STATEMENT UNDER 173(2) OF THE COMPANIES ACT, 1956

Item No. 5, 6 & 7

Mrs. Rekha Modi was appointed as additional Director of the Company with effect from 17th December, 2009 in pursuance of Board of Directors resolution of that date.

Mr. Pramod Gupta was appointed as additional Director of the Company with effect from 30th April, 2010 in pursuance of Board of Directors resolution of that date.

Mr. V B Aggarwal was appointed as additional Director of the Company with effect from 30th April, 2010 in pursuance of Board of Directors resolution of that date.

According to the provisions of the Section 260 of The Companies Act, 1956 the above Directors hold office up to the date of the subsequent Annual General Meeting. As required by section 257 of the Companies Act, 1956 a notice has been received from a Member signifying his intention to propose the appointment of Mrs. Rekha Modi, Mr. Pramod Gupta & Mr. V B Aggarwal as Directors at the forthcoming Annual General Meeting. Hence, necessary resolution are placed before the Meeting for Member's Approval.

Mrs. Rekha Modi, Mr. Pramod Gupta & Mr. V. B. Aggarwal are deemed to be interested in the proposed resolution to the extent of their appointment as a director. Directors recommended the resolution as proposed in the Notice for Member's approval.

Item No. 8

Presently, the Company's Equity Shares are listed at Uttar Pradesh Exchange. There have been no trading in the equity shares of the company on the stock exchange for past 6-7 years. Bombay Stock Exchange have extensive networking and extension of their terminal investor have access to online dealing in the company's equity shares on such terminal.

In this background the Board of Directors Recommended for your approval by special resolution, for listing of Equity Shares of the Company also at Bombay Stock Exchange and requisites approval to be obtained from them and in terms of the SEBI guidelines.

The Board of Directors believe that such issue is in the interest of the company share holders and therefore recommended this special resolutions for your approval.

Directors are concerned & interested in this resolutions.

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

Place : New Delhi
Date : 31.07.2010

(KOMAL JHA)
Company Secretary

PRITI MERCANTILE COMPANY LTD.

DIRECTORS REPORT

To,

The Shareholders,

PRITI MERCANTILE COMPANY LIMITED

Your Directors have pleasure in presenting the Twenty Fifth Annual Report along with the Audited Accounts of your Company for the year ended on 31st March 2010.

FINANCIAL HIGHLIGHTS

	Year ended 31.03.10	Year ended 31.03.09
Gross Income	42399661	149283183
Total Expenditure	29168882	133278621
Net Profit /Loss For The Year	13230779	16004562
Less: Provision For Tax	2258571	1826317
Profit after Tax	10972208	14178245
Less/Add: Deferred Tax Liabilities/Assets	1993	3059
	10974201	14175186
Profit / Loss brought from Pr.Year	10657278	2352667
Amount available for Appropriation	21631480	16527853
Interim / Proposed Dividend	5017800	5017800
Tax On Interim/Proposed Dividend	852775	852775
Balance Carried to Balance Sheet	15760905	10657278

DIVIDEND

Keeping with the improved performance of your company during the year 2009-10, your Directors was declared interim dividend of 10% i.e Rs. 1 on per equity shares for the financial year 2009-10.

PERFORMANCE, RESULT & BUSINESS

Your Director are pleased to inform you that your company has achieved spectacular growth in turnover & profit. The resources of the company were optimally utilized to maximized the return with minimized risk. The proactive & pragmatic approach of the company has reflected in the results.

Your Company continues to get good assignment in field of financial services. During the year, your company earned a gross income of Rs. 131.74 Lacs from financial services & there is wide scope of development of financial services as advisory, arranger, distributions of mutual fund, debt syndication, private placement, corporate Bonds. Your company is keen to develop this activity. This year your company to focus on the retail / inter-corporate loan segment as in earlier year, new loans during the year amounted to Rs. 2828 lacs as against Rs. 1407 lacs for the previous year.

Your company continues to explore good opportunities to invest fund of the company to enhance the shareholders value. Although income from investment activities has demonstrated modest growth during the year and your company has adopted a policy of long term investments, which will definitely give the very good result in near future.

NBFC REGISTRATION

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

CHANGE IN THE ISSUED & PAID-UP-CAPITAL

The company had issued/allotted 3900000 convertible warrants to the non-promoter on 13.11.2009 @ Rs.40/- per share after that such 3900000 warrants converted into 3900000 equity shares on 30.01.2010. Thus the Paid-Up-Capital of the Company become as on 31.03.2010 is Rs. 89178000/- consisting 8917800 equity share of Rs.10/- each.

PRITI MERCANTILE COMPANY LTD.

DEPOSITS

The company did not invite / accept / renew any fixed deposit 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 the NSDL & CDSL for dematerilisation of its equity share. The ISIN no. INE 793G01019 been allotted for the company. Therefore, the member and/ or investors may keep their share holding in the electronic mode with their Depository Participates

APPOINTMENT OF COMPANY SECRETARY

Ms. Komal Jha, was appointed as a company secretary of the company w.e.f. 24.07.2010. Your Directors recommended appointment of company secretary of the company.

DIRECTORS

Mr. R.K. Modi, Director of the Company retire by rotation, being eligible offers himself for re-appointment. The Board of Directors Recommends their re-appointment.

Mr. Krishan Gupta, Mr. Sanjay Singh & Mr. R. A. Tripathi resigned from the Directorship of the company with effect from 17th December, 2009 (Mr. Krishan Gupta) & 30th April, 2010 (Mr. Sanjay Singh & Mr. R A Tripathi). the Board places on record its appreciation of valuable services rendered by them.

In accordance with the Articles & Association of the company and provisions of the companies Act, 1956 Mr. R K Modi, retire by rotation at the ensuing Annual General meeting and being eligible , offer themselves for re-election. Your Directors recommended their re-appointment.

Mrs. Rekha Modi, Mr. Pramod Gupta & Mr. V. B. Aggarwal were appointed as additional Directors of the company with effect from 17th December, 2009 (Mrs. Rekha Modi) & 30th April, 2010 (Mr. Pramod gupta & Mr V B Aggarwal) in pursuance of Board of Directors resolution of that Date.

According to the provisions of the section 260 of the Companies Act, 1956 the above Directors hold office upto the date of the subsequent Annual General Meeting. As required by Section 257 of the Companies Act, 1956 a notice has been received from a member signifying his intention to propose the appointment of Mrs. Rekha Modi, Mr. Pramod Gupta & Mr. V. B. Aggarwal as Directors at the forthcoming Annual General meeting. Members are requested to approve their 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 confirm 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 2010 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.

PRITI MERCANTILE COMPANY LTD.

AUDITORS

M/S M.M.Goyal & Co., The Auditors retire at the ensuing annual general meeting but being eligible offer themselves for re- appointed. 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 (1A) of the Companies Act, 1956. Your Directors recommend reappointment of M/s M.M.Goyal & Co. as the Auditors of the Company.

AUDITORS REPORTS

The observation of the Auditors in the reports, read with noted annexed to accounts, are self explanatory and therefore do not call for the any future comments and explanation Under Section 217 (3) of the Companies Act, 1956.]

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Details of the Energy, Conservation Research and Development activities undertaken by the company along with the information in accordance with provision of section 217 (6) of the Companies Act, 1956 read with the companies (Disclosure of the particulars in respect of the Board Of Directors), Rules, 1998 is given in the annexure.

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.

Particular of the employees, as required under section 217(2a) of the companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 are given in a separate annexure, attached and forms part of this report.

STATEMENT PURSUANT TO LISTING AGREEMENTS

The Company's shares are listed with U.P. Stock Exchange. Your company has paid the respective Annual Listing fee up to date and there are no arrears.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreements with the Stock Exchange, the Cash Flow Statement for the year ended 31 March 2010 is annexed hereto.

CORPORATE GOVERNANCE REPORT

As required by clause 49 of the listing agreement, Corporate Governance, management decisions 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 with the place on record their appreciation of the contribution made by the employees at the all level, achieve better results. The Directors also wish the thanks customer, bank, etc. for their continued support. Finally your Directors would like to express their sincere & while 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 : 31.07.2010

(R. K. MODI)
Managing Director

PRITI MERCANTILE COMPANY LTD.

ANNEXURE TO DIRECTORS' REPORT

Report on Corporate Governance

(Pursuant to clause 49 of the Listing Agreement)

1. Philosophy on code of Corporate Governance:

The Fundamental object of Corporate Governance is the enhancement of Shareholder value, keeping in view the interest of other stakeholders. It refers to a blend of law, regulations and voluntary practices, which enable the Company to harness financial and human capital, perform efficiently and expediently, and thereby perpetuate it into generating long term association and economic value for its Shareholders, while respecting interests of other stakeholders and the society at large.

It aims to align interests of the Company with its Shareholders and other key stakeholders. The principal Characteristics of Corporate Governance are Transparency, Independence, Accountability, Responsibility and Social Responsibility.

To sum, Corporate Governance focuses on equitable treatment of all shareholders and reinforces that it is "Your Company" as it belongs to you, the Shareholders.

The Chairman and the Board of Directors are your fiduciaries and trustees pushing the business towards maximizing value for its shareholders.

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 2009 - 10, the Board met 11 (Eleven) times (as against the minimum requirement of four meetings) on the following dates, namely:-

April 30, 2009, July 15, 2009, July 31, 2009, August 14, 2009, August 31, 2009, October 31, 2009, November 13, 2009, December 17, 2009, January 14, 2010, January 30, 2010 and March 15, 2010.

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	Director (Executive)	11	Yes
02.	Sh. D. K. Gupta	Director (Independent)	11	Yes
03.	Sh. Kishan Gupta**	Director (Non-Executive)	0	No
04.	Sh. R. A. Tripathi***	Director (Independent)	5	Yes
05.	Sh. Sanjay Singh***	Director (Independent)	8	Yes
06.	Mrs. Rekha Modi*	Director (Non-Executive)	4	No
07.	Sh. Pramod Gupta****	Director (Independent)	0	No
08.	Sh. Vishnu Bh. Aggarwal****	Director (Independent)	0	No

* Mrs. Rekha Modi has been appointed as Additional Director of the Company w.e.f. 17.12.2009

** Mr. Krishan Gupta has vacated his office as Director w.e.f 17.12.2009.

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*** Mr. Sanjay Singh & Mr. R. A. Tripathi has vacated his office as Director w.e.f 30.04.2010.

**** Mr. Pramod Gupta & V B Aggarwal has been appointed as Additional Directors of the Company w.e.f. 30.04.2010

None of the Directors is a member in more than ten committees across all companies in which he is a Director.

Particulars of Directors:

Directors seeking re-appointment & appointment :

Mr. R. K. Modi : Mr. Raj Kumar Modi has over 15 years of experience in management & Marketing in field of financial sector and capital market.

Mrs. Rekha Modi : Mrs. Rekha Modi has over 10 years of experience in Legal Matters relating to financial & capital market.

Mr. Pramod Gupta : Mr. Pramod Gupta has over 5 years of experience in Marketing in field of financial sector and capital market.

Mr. V B Aggarwal : Mr. V B Aggarwal has over 10 years of experience in management & financial matters.

Name of the Directors	Mr. R. K. Modi	Mrs. Rekha Modi	Mr. Pramod Gupta	Mr. V B Aggarwal
Date of Birth	13th Nov. 1967	7th Feb. 1970	12th Sep. 1961	30th Nov. 1960
Age	43 years	41 years	49 Years	50 Years
Date of Appointment	27.01.2003	17.12.2009	30.04.2010	30.04.2010
Experience in Specified Functional area	Rich & vast experience of over 15 years in Financial Market	Experience in Legal Matters	Experience in Marketing in Financial Products	Experience in Financial Matters
No. of Share Held in the Co.	30000 Sh.	160000 Sh.	NIL	NIL
Qualification	B.Com	B.A, L.L.B	B.Com	B.Com, FCA
List of other companies in which associated as director	RRP Management Services Private Limited	RRP Management Services Pvt. Ltd.	NIL	NIL
	Prabhat Management Services Pvt. Limited	Prabhat Management Services Pvt. Limited		
Chairmen Membership of the Committee of the Board of other Companies in which associated as Director.	NIL	NIL	NIL	NIL

3. 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.

4. Code of Conduct

Pursuance 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 31.03.2010 and a declaration to that effect signed by Director is attached and forms part of this report.

5. 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 the 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 minimizing the same.

6. Audit Committee

A) Composition and Meeting of the Audit Committee:

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

During the financial year 2009-10, meetings of the Audit Committee were held 7 (Seven) times i.e. on April 30, 2009, July 31, 2009, August 14, 2009, August 31, 2009, October 31, 2009, January 14, 2010 and January 30, 2010.

Name of Chairman/ Member	Meetings held	Meeting Attended
Sh. D. K. Gupta	7	7
Sh. R. A. Tripathi	7	3
Sh. Sanjay Singh	7	7

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.

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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.

7. Remuneration Committee:

No remuneration is paid to executive and 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 2010 to the Directors are as follows:

Sl. No.	Name of the Directors	Amount in Rs.
1.	Sh. R. K. Modi	22000.00
2.	Sh. D. K. Gupta	48000.00
3.	Sh. R. A. Tripathi	20000.00
4.	Sh. Sanjay Singh	42000.00
5.	Mrs. Rekha Modi	8000.00

8. 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 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 dematerialized form with NSDL/CDSL.

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9. Shareholders Grievance Committee

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

During the financial year 2009-10, meetings of the Shareholders Grievance Committee were held 6 (Six) times i.e. on April 30, 2009, July 15, 2009, July 31, 2009, August 14, 2009, August 17, 2009 and January 13, 2010.

Name of Chairman/ Member	Meetings held	Meeting Attended
Sh. D. K. Gupta	6	6
Sh. R. A. Tripathi	6	2
Sh. Sanjay Singh	6	6

No complaint were pending at the end of the year.

10. General Body Meeting

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

Financial year	Date	Time	Place
2006-2007 (AGM)	29.09.2007	10.30 A.M.	B/10, VIP Colony, Civil Lines, Rampur (U.P.)
2007-2008 (AGM)	27.09.2008	11.30 A.M.	Same as above
2008-2009 (AGM)	25.09.2009	10.00 A.M.	Same as above
2009-2010 (EGM)	03.11.2009	12.00 P.M.	Same as above

Special Resolutions passed at the last 3 (three) AGMs:

Financial year	Items
2006-2007	NIL
2007-2008	NIL
2008-2009	Two
2008-2009	One

Special Resolutions Passed at the General Meetings

- A special resolution for approval of the members of the company to issue, offer and allot 39,00,000 convertible warrants to the Non promoters at a price of Rs. 40/- each in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 was passed in the A.G.M held on 25.09.2009.
- Authorisation to the company for listing of equity shares with The Calcutta Stock Exchange was passed in the A.G.M held on 25.09.2009.
- 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.

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.

11. 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.

PRITI MERCANTILE COMPANY LTD.

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

The Company had issued/allotted 3900000 convertible warrants to the non-promoter on 13.11.2009 @Rs.40/- per share after that such 3900000 warrants converted into 3900000 equity shares on 30.01.2010. The Company has not issued GDRs/ADRs etc. There was no outstanding warrants as on 31-03-2010.

13. 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

14. Market price Data

There has been no trading in the U.P. Stock Exchange, Kanpur, during the year 2009-10.

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, 2010 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 Venue	August 30, 2010 at 10.30 A.M. B/10, VIP Colony, Civil Lines, Rampur (U.P.)
16.2 Financial Year (2010-11) Annual General Meeting For the next year ending 31st March, 2011	Before September 30, 2011
16.3 Book Closure date	23.08.10 to 30.08.10
16.4 Dividend Payment date (Interim)	28.01.2010
16.5 Listing of Equity Shares on Stock Exchange at	U. P. Stock Exchange
16.6 Stock Code ISIN Number (NSDL/CDSL)	Equity Shares INE 793G01019
16.7 Registrar and Share Transfer Agent	INDUS PORTFOLIOS PVT. LIMITED G-65, Bali Nagar, New Delhi-110015

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.

PRITI MERCANTILE COMPANY LTD.

16.9 Categories of Shareholders as on 31st March, 2010

Shareholding Pattern

Category	No. of shares	% of Paid up capital
A Promoters' Holding		
1. Promoters		
a) Indian Promoters		
- Individual	3,03,300	3.401
- Corporate Bodies	11,31,500	12.688
b) Foreign Promoters	—	—
2. Persons acting in concert	—	—
Sub Total (A)	14,34,800	16.089
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	39,00,000	43.733
b. Indian Public	35,83,000	40.178
c. Non Resident Indians/Overseas	—	—
Sub Total (B)	74,83,000	83.911
G.TOTAL (A+B)	89,17,800	100.000

16.10 Distribution of shareholding as on 31st March, 2010

Distribution	No. of Share holders	% of Shareholders	No of shares	% of Shareholding
UPTO 100	168	33.53	16800	0.19
101 - 500	150	29.94	40000	0.45
501 - 1000	0	0.00	0	0.00
1001 - 5000	39	7.78	183100	2.05
5001 - 10000	61	12.18	572000	6.41
10001 - 20000	35	6.99	650000	7.29
20001 - 30000	18	3.59	483200	5.42
30001 - 40000	4	0.80	152100	1.71
40001 - 50000	6	1.20	281600	3.16
50001 - 100000	8	1.60	552500	6.20
100001 - 500000	10	2.00	3386500	37.97
above 500000	2	0.40	2600000	29.16
TOTAL	501	100.00	8917800	100.00

16.11 Dematerialisation of shares and liquidity

The ISIN of the Company's shares is INE 793G01019. After dematerialisation of shares the shareholders must contact their DPs for any information/ instructions in respect of their shareholdings.

As on 31.03.2010, 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. N.S.D.L.	53	10.58%	14,98,000	16.80%
2. C.D.S.L.	0	0.00%	0	0.00%
3. Physical	448	89.42%	74,19,800	83.20%
Total	501	100.00%	89,17,800	100.00%

16.12 Address for Correspondence:

Share Transfer and Demat

INDUS PORTFOLIOS PVT. LIMITED
G-65, Bali Nagar, New Delhi-110015

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, Old Rajinder Nagar,
IInd Floor, New Delhi-110060

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.

PRITI MERCANTILE COMPANY LTD.

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 designations personnel in the senior Management of the Company have affirmed compliance with their respective codes for the financial year ended 31st March, 2010.

For Priti Mercantile Company Ltd.

Place : New Delhi
Date : 31.07.2010

R. K. Modi
Managing Director

To,
The Members of
Priti Mercantile Company Ltd.

Re: Financial Statements for the year ended 31st March, 2010 - 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, 2010 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 : 31.07.2010

R. K. Modi
Managing Director

PRITI MERCANTILE COMPANY LTD.

**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, 2010 as stipulated in clause 49 of the listing agreement 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: 31.07.2010

(MANMOHAN GOYAL)
Partner
M.No. 86085

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT

In 2010, the world's economies are poised for recovery India GDP for 2009-10 is now being estimated at 7.4% on the back of strong Q4 economic performance. India GDP Growth for 2010-11 is now being projected around 8.5%. Core industries and financial market are Showing sign of recovery with the Government emphasis this sector to expected to show significant sign of Growth. Industrial activity has also been improving consistently over 2009-10. The Index of Industrial production (IIP) quick estimate for March 2010 reflects at 13.5% Growth over March 2009.

OVERVIEW

The company is engaged in trading in shares, financial services and investment activities where the outlook of the business seems to be encouraging over and above we have been diversified into different businesses ranging from third party product distributions (lowest balance sheet risk) to originating unsecured personal loans, corporate loans (highest balance sheet risk). The company carries out NBFC activities like financing corporate loan & personal loan.

FINANCIAL PERFORMANCE

The company has made an turnover of Rs. 4.24 Crore during the year with net profitability of Rs. 1.30 Crore. The company's income from operations primarily includes income from trading and distributions of financial products such as insurance, Mutual Fund, Bond and retail / QIB subscription for initial public offering, interest income from inter-corporate loan and long term investments.

FUTURE OUTLOOK

The future outlook of the company is very prospective and it urges to diversify the various areas related to financial market. Besides continuing aggressively in the existing growth areas, there are certain specifics initiatives that we would like to highlight which the company would be undertaking in the financial year 2010-11. The Company is effectively putting together a growth strategy in the area of debt syndication, private placement, corporate / personal loan, advisory services, arranger, distributions of mutual fund & liason for financial products.

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
- Exploiting synergies across services lines to cross sell financial products
- Increased securitization

Threats

- Inflation could trigger increase in consumer price inflation, which would dampen growth
- Increased competition both local & overseas
- Unfavorable economic development
- Unfavorable regulatory Changes

RISK MANAGEMENT

Your company operates in the financial services sector, which is affected by variety factors linked to economics 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 RESOURECS / INDUSTRIAL RELATIONS

The company believes that the success of an organization largely on the quality of its workforce. Employee relations both at the office and at work site 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 within the meaning of applicable securities laws and regulations which may differ from the actual results.

PRITI MERCANTILE COMPANY LTD.

AUDITORS REPORT

To,

The Shareholders

M/S Priti Mercantile Company Limited

Rampur (U.P.)

1. We have audited the attached Balance Sheet of M/s Priti Mercantile Company Limited as at 31st March, 2010 and also the Profit & Loss Account & Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of company's management .Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 Companies Act,1956. We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. We further 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 accounts, as required by law, have been kept by the company so far as appears from our examinations of such of those books.
 - c) The Balance Sheet and the Profit & Loss Account & cash Flow Statement referred to in this report are in agreement with the books of Accounts.
 - d) In our opinion, the Balance Sheet, Profit & Loss and Cash Flow Statement dealt with by this report comply with all mandatory Accounting Standards which are referred under Section 211 (3C) of the Companies Act 1956.
 - e) On the basis of written representation received from the Directors as on 31st March 2010 . and taken on report by the Board of Directors, we report that none of the Directors is disqualified from being appointed as director under clause (g) of sub - Section (1) of Section 274 of the Companies Act,1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us , the said Accounts, read together with the notes thereon, gives the information required by the Companies Act,1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March,2010; and
 - (ii) in the case of Profit & Loss account of the Profit for the year ended on that date.
 - (iii) in the case of Cash Flow Statement of Cash ended on that date.

For M. M. GOYAL & CO.
Chartered Accountants

Place : New Delhi
Dated: 31.07.2010

(MANMOHAN GOYAL)
Partner
M.No. 86085

ANNEXURE TO THE AUDITORS REPORT

1. (a) The Company has maintained proper records showing full particular including quantitative details and situation of fixed assets.
(b) According to the information and explanation given to us, the Fixed Assets have been physically verified by the management during the year in a phased periodical manner which in our opinion is reasonable, having regard to the size of the company and the nature of the assets. No material discrepancies were noticed on such verification.
(c) No Fixed assets was sold, hence this clause is not applicable.
2. (a) Inventory has been physically verified during the year by the management. In our opinion frequency of such verification is reasonable having regard to the size of the company and the nature of its business.
(b) In our opinion and according to the information and explanations given to us, the procedures of the physical verification of inventories followed by the anagement are reasonable and adequate in relation to the size of the company and nature of its business.
(c) The company is maintain proper records of inventory and there is no discrepancies noticed during the physical verification of inventory.
3. (a) The company has not granted any secured / un secured loans to / from Companies, firms or other parties covered in the register maintained U/S 301 of the companies act, 1956. Consequently the requirements of clause (3b), (3c) and (3d) of paragraph 4 of the order are not applicable.
(b) The company has not taken any secured / unsecured loans to / from Companies, Firms or other parties covered in the register maintained U/S 301 of the companies act, 1956. Consequently the requirements of clause (3f) and (3g) of paragraph 4 of the order are not applicable.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of, Fixed assets & inventory. During the year we have not found any major weakness in the internal control.
5. There were no transaction that need to be entered into the register maintained under section 301 of the Companies Act,1956 have been so entered.
6. The Company has not accepted deposits from the public with in the meaning of section 58 A and 58 AA of the Companies Act, 1956 & the Companies (acceptance of deposits) rules, 1975. So this clause is not applicable.
7. In my Opinion internal audit system adopted by the management in the Company are satisfactory commensurate to the nature of business and size of the Company.
8. We have informed that the maintenance of the cost record U/S 209 (1) (9d) of the Companies Act 1956 is not required by the Company.
9. The Company is regular in paying the statutory dues including Income Tax, P. F., Excise Duty, Investor Education Protection Fund and State Insurance Funds, Custom Duty, Wealth Tax and other material statutory Dues that are applicable to the Company during the year.
10. In our opinion, the Net Worth of the Company is positive and the Company has no Accumulated losses. The Company has not incurred any cash losses during the F.Y. 2009-10.
11. According to the information & explanations given to us , the Company has not failed in repayment of dues to the financial institution or Bank.
12. The Company has not granted any loans and advances on the basis of the securities by way of pledge of Shares, Debentures and other securities.

PRITI MERCANTILE COMPANY LTD.

13. In our opinion, the Company is not a Chit Fund or Nidhi / Mutual Benefit Fund therefore the provisions of clause 4 (XIII) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the company is dealing in or trading in Shares, Securities, Debentures and other Investments and the company has kept adequate records of its transactions and contracts in shares, securities, debentures and other investments and timely entries have been made therein. The shares, securities, dentures and other investments, are held in the name of the company or are in process of being transferred in the company's name.
15. The Company has not given any guarantee for loans taken by others from Bank or Financial Institution.
16. The Company has not Defaulted in repayment of dues to a financial Institution or bank.
17. According to the information & explanations given to us, and on an overall Examination of Balance Sheet of the Company, we report no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets.
18. According to the information & explanations given to us, the Company has not made any preferential allotment of shares to parties and companies registered under Sec-301 of the Companies Act, 1956.
19. No Debentures have been issued during the year hence the provisions of clauses 4(XIX) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money by way of public issues during the year.
21. The company had issued/allotted 3900000 convertible warrants to the non-promoter on 13.11.2009 @ Rs.40/- per share after that such 3900000 warrants converted into 3900000 equity shares on 30.01.2010. Thus the Paid-Up-Capital of the Company become as on 31.03.2010 is Rs. 89178000/- consisting 8917800 equity share of Rs.10/- each.
22. According to the information & explanations given to us, no fraud on or by the Company. has been noticed or reported during the course of our audit.

For M. M. GOYAL & CO.
Chartered Accountants

Place : New Delhi
Dated: 31.07.2010

(MANMOHAN GOYAL)
Partner
M.No. 86085

PRITI MERCANTILE COMPANY LTD.

BALANCE SHEET AS AT 31-03-2010

PARTICULARS	SCHEDULE	AS ON 31.03.2010	AS ON 31.03.2009
SOURCES OF FUNDS :			
SHARE HOLDERS FUNDS			
Capital Equity	1	89,178,000.00	50,178,000.00
Reserves & Surplus	2	168,247,905.38	46,144,278.53
		257,425,905.38	96,322,278.53
LOAN FUND'S			
Secured Loan	3	259,674.98	413,386.63
Unsecured Loan	4	106,500,000.00	90,500,000.00
Deffered Tax Liabilities		4,454.00	6,447.00
		106,764,128.98	90,919,833.63
TOTAL		364,190,034.36	187,242,112.16
APPLICATION OF FUNDS			
FIXED ASSETS	5	659,486.00	713,089.00
INVESTMENTS	6	109,557,500.00	134,821,583.00
CURRENT ASSETS LOANS & ADVANCES			
Inventories	7	1,474,129.83	7,157,062.18
Debtors	8	1,365,989.45	11,992,976.45
Cash & Bank Balances	9	4,339,886.58	12,495,461.82
Loan & Advances	10	394,100,133.50	219,019,765.60
		401,280,139.36	250,665,266.05
LESS:CURRENT LIABILITIES & PROVISIONS	11	147,497,091.00	199,171,575.89
NET CURRENT ASSETS		253,783,048.36	51,493,690.16
MISCELLANEOUS EXPENDITURE			
Share Issue Expenses	12	190,000.00	213,750.00
TOTAL		364,190,034.36	187,242,112.16
NOTES TO FINANCIAL STATEMENTS	16		

Schedules referred to above forms an integral part of the Balance Sheet

As per our report of even date attached

For PRITI MERCANTILE COMPANY LIMITED

FOR M. M. GOYAL & CO.

Chartered Accountants

(MANMOHAN GOYAL)
PARTNER
M.No. 86085

(R. K. MODI)
MANAGING DIRECTOR

(REKHA MODI)
DIRECTOR

(D. K. GUPTA)
DIRECTOR

Place : New Delhi
Date : 31.07.2010

(KOMAL JHA)
Company Secretary

PRITI MERCANTILE COMPANY LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31-03-2010

PARTICULARS	SCHEDULE	31-03-2010	31-03-2009
INCOME			
Sale of Shares, Securities & Commodities		22,089,684.96	131,726,808.83
Interest		17,164,006.00	6,009,414.48
Brokrage/Commission Recd.	13	13,174,610.00	5,075,734.00
Dividend		2,248.80	338.18
Profit on Sale of Long Term Investment		7,104,265.10	15,096,814.19
Profit / Loss on Dealing in Comodities		(5,005,529.06)	(1,065,883.94)
Pofit / Loss on Dealing in Cash Market		47,453.48	(923,550.94)
Profit / Loss on Dealing in Future & Option		(6,494,144.98)	188,074.84
Increase / Decrease in Stock	14	(5,682,932.35)	(6,824,566.52)
TOTAL		<u>42,399,661.95</u>	<u>149,283,183.12</u>
EXPENDITURE			
Purchase of Shares, Securities & Commodities		25,072,020.99	129,220,709.86
Salaries		2,644,144.00	1,425,139.70
Rent & Electricity Charges		143,500.00	118,842.00
Professional Charges		48,000.00	41,700.00
Board Meeting Fees		140,000.00	120,000.00
Auditor's Remuneartion		34,193.00	22,060.00
Depreciation		107,803.00	130,434.00
Other Expenses	15	896,594.11	2,098,165.88
Security Transaction Tax		58,877.00	77,820.00
Share Issue Expenses W/O		23,750.00	23,750.00
TOTAL		<u>29,168,882.10</u>	<u>133,278,621.44</u>
Profit/(Loss) before Tax		13,230,779.85	16,004,561.68
Provision for Taxation	2,248,571.00		1813317.00
Provision for Fringe Benefit Tax (2008-09)	10,000.00	2,258,571.00	13000.00
Profit/(Loss) after Tax		10,972,208.85	14,178,244.68
Add/Less:Deffered Tax Assets / Liability		1,993.00	(3,059.00)
		10,974,201.85	14,175,185.68
Brought forward Profit (Loss) from last year		10,657,278.53	2,352,667.85
Amount Available for Appropriation		21,631,480.38	16,527,853.53
Interim / Proposed Dividend		5,017,800.00	5,017,800.00
Tax on Interim / Proposed Dividend		852,775.00	852,775.00
Balance Carried to Balance Sheet		15,760,905.38	10,657,278.53
NOTES TO FINANCIAL STATEMENTS	16		

Schedules referred to above forms an integral part of the Profit & Loss A/c

As per our report of even date attached

For PRITI MERCANTILE COMPANY LIMITED

FOR M. M. GOYAL & CO.

Chartered Accountants

(MANMOHAN GOYAL)

PARTNER
M.No. 86085

Place : New Delhi

Date : 31.07.2010

(R. K. MODI)

MANAGING DIRECTOR

(REKHA MODI)

DIRECTOR

(D. K. GUPTA)

DIRECTOR

(KOMAL JHA)

Company Secretary

PRITI MERCANTILE COMPANY LTD.

SCHEDULES FORMING PART OF ANNUAL ACCOUNTS AS ON 31.03.2010

	31-03-2010	31-03-2009
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
1000000 Equity Share of Rs. 10/- Each	<u>100,000,000.00</u>	<u>100,000,000.00</u>
ISSUED, SUBSCRIBED & PAID UP		
(8917800 Equity Shares of Rs.10/- each fully paid in cash)	<u>89,178,000.00</u>	<u>50,178,000.00</u>
Previous Year 5017800 Equity Shares of Rs.10/- each fully paid in cash)		
SCHEDULE 2		
RESERVE & SURPLUS		
Profit & Loss A/c	15,760,905.38	10,657,278.53
Share Premium	<u>152,487,000.00</u>	<u>35,487,000.00</u>
	<u>168,247,905.38</u>	<u>46,144,278.53</u>
SCHEDULE 3		
SECURED LOAN		
Car Loan (Tata Capital Ltd.)	259,674.98	413,386.63
(Secured by hypothication of Motor Car)		
	<u>259,674.98</u>	<u>413,386.63</u>
SCHEDULE 4		
UNSECURED LOAN		
From Body Corporates	106,500,000.00	90,500,000.00
Others	—	—
	<u>106,500,000.00</u>	<u>90,500,000.00</u>

SCHEDULE 5
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	BAL. AS ON 1-4-09	ADD.	BAL AS ON 31-3-10	BAL. AS ON 1-4-09	DURING THE YEAR	BAL AS ON 31-3-10	AS ON 31-3-10	AS ON 31-3-09
COMPUTER	92675.00	—	92675.00	58804.00	13548.00	72352.00	20323.00	33871.00
MOBILEPHONE	3350.00	54200.00	57550.00	1736.00	—	1736.00	55814.00	1614.00
CAR	792000.00	—	792000.00	115726.00	94070.00	209796.00	582204.00	676274.00
ELECTRIC EQUIP.	1490.00	—	1490.00	160.00	185.00	345.00	1145.00	1330.00
TOTAL	889515.00	54200.00	943715.00	176426.00	107803.00	284229.00	659486.00	713089.00

Note: Depreciation has been charged as per the rates prescribed in Schedule XIV attached to the Companies Act, 1956 as on prorata basis.

PRITI MERCANTILE COMPANY LTD.

	31-03-2010	31-03-2009
SCHEDULE- 6		
INVESTMENT		
QUOTED		
Geefcee Finance Ltd. (86053 Shares)	—	946,583.00
UNQUOTED		
Bhagyashree Tradecom Pvt. Ltd.	1,000,000.00	—
Bhawani Metelloy Pvt. Ltd.	400,000.00	—
BNX NPA Salutions Pvt. Ltd.	400,000.00	—
Coatwell India Pvt. Ltd.	2,000,000.00	—
Cosmos Fibres Glass Ltd.	700,000.00	—
Elcon Alloys Pvt. Ltd.	2,400,000.00	—
Galogotia Books & Departmental Stores Pvt. Ltd.	5,000,000.00	—
Galogotia Software Pvt. Ltd.	5,000,000.00	—
Goel Exim India Pvt. Ltd.	7,500,000.00	—
Hindustan Ploy Foams Pvt. Ltd.	3,000,000.00	—
Indra Buildcon Pvt. Ltd.	1,500,000.00	—
MA Sarinsa Steels Pvt. Ltd.	1,000,000.00	—
Planet sales Pvt. Ltd.	300,000.00	—
Pragati Merchant pvt. Ltd.	1,500,000.00	—
Shankar Growth Fund Ltd.	20,000,000.00	—
Sheel Bio-Tech Pvt. Ltd.	500,000.00	—
Shree Labh Dhatu Traders Pvt. Ltd.	1,000,000.00	—
Shree Rajmahal Jewellers Pvt. Ltd.	20,000,000.00	—
Smart Development Constructions Services Pvt. Ltd.	5,000,000.00	—
Swastik Snacs Ltd.	5,000,000.00	—
Swati Fragrance Pvt. Ltd.	4,900,000.00	—
Conclusive Technologies Pvt. Ltd.	10,957,500.00	—
Kuber House Pvt. Ltd.	8,000,000.00	—
Swati Menthol & allied Chermicals Pvt. Ltd.	—	35,000,000.00
Chandan Fragance Pvt. Ltd.	—	2,500,000.00
Abhijit Bhaduri Enterprises Ltd.	—	5,000,000.00
Abhinav Vinimay Pvt. Ltd.	—	5,000,000.00
Aspen Holding Pvt. Ltd.	—	2,500,000.00
Bansal Trade Linkers Pvt. Ltd.	—	3,000,000.00
Bir Engg. Solutions Pvt. Ltd.	—	500,000.00
Brij Gopal Constructions Co. Pvt. Ltd.	—	10,000,000.00
Competent Transport Pvt. Ltd.	—	1,000,000.00
Gold Square Builders & Promoters Pvt. Ltd.	—	2,400,000.00
Greendot Health Food Ltd.	—	2,500,000.00
Gyan Shree Industrial Consultants Pvt. Ltd.	—	2,000,000.00
Kaithal Timbers Pvt. Ltd.	—	3,000,000.00
Kavin Metpack Pvt. Ltd.	2,500,000.00	5,000,000.00
Kawatra Papers Pvt. Ltd.	—	5,000,000.00
Kuber Guest Line Pvt. Ltd.	—	1,000,000.00
Kuber Brewarage Pvt. Ltd.	—	5,500,000.00
Kushagra Steel Pvt. Ltd.	—	1,500,000.00
Maple Staffing Solutions Pvt. Ltd.	—	1,000,000.00
Marc Papers Pvt. Ltd.	—	500,000.00
Nara Exim Pvt. Ltd.	—	3,525,000.00
Omega Man Power Pvt. Ltd.	—	5,500,000.00
Priya Fashion Wear Pvt. Ltd.	—	1,250,000.00
Raj Kamal Plywood India Pvt. Ltd.	—	4,000,000.00
Rakesh Papers Pvt. Ltd.	—	500,000.00

PRITI MERCANTILE COMPANY LTD.

	31-03-2010	31-03-2009
Rashi Cables Pvt. Ltd.	—	1,000,000.00
Sanjivani Industries Pvt. Ltd.	—	3,500,000.00
Shivalik Merchant Pvt. Ltd.	—	5,000,000.00
Shree Ganesh Fincap pvt. Ltd.	—	1,500,000.00
Shresth Properties Pvt. Ltd.	—	1,000,000.00
SM Homes Pvt. Ltd.	—	5,000,000.00
United Scaffolding Pvt. Ltd.	—	5,000,000.00
VRC Constructions India Pvt. Ltd.	—	2,500,000.00
YAS Softel Pvt. Ltd.	—	700,000.00
	109,557,500.00	134,821,583.00

**SCHEDULE- 7
INVENTORIES**

Name of the Company	Face Value	No. of Shares	As at 31.03.2010	No. of Shares	As at 31.03.2009
QUOTED					
BRIJ LAXMI LEASING & FINANCE LIMITED	1/-	6000	2460.00	6000	40436.00
SURYA INDIA LIMITED	10/-	238125	726281.25	238125	726281.25
FAIRY LAND AMN. LTD.	1/-	13500	165142.78	13500	165142.00
AHMED NAGAR FORGING LIMITED	2/-	6	745.80	6	222.72
SAIL	10/-	100	25180.00	100	6636.17
PENTAFOR SOFTWARE LIMITED	10/-	200	1566.61	200	1566.61
INDSWIFT LAB LIMITED	10/-	100	2840.00	100	26994.23
MAHARASHTRA INDL. L&F LIMITED	10/-	6666	39596.04	6666	25000.00
SHALIMAR PRODUCTION LIMITED	1/-	15790	16263.70	15790	28826.37
INCA FINLEASE LTD	10/-	—	—	21900	3352551.41
GEEFCEE FINANCE LTD.	10/-	—	—	2	240.00
JAIPAN INDUSTRIES LTD.	10/-	94	2345.30	5094	227093.67
ASIAN TEA & INDUSTRIES LTD.	10/-	979	28048.35	25979	2075070.97
AKSHANA GLOBAL STEEL LTD.	10/-	—	—	160000	480000.00
HMT Ltd.	10/-	2000	156500.00	—	—
PRAKASH INDUS. LTD.	10/-	1000	222500.00	—	—
SATRA PROPERTIES LTD.	1/-	6000	84660.00	—	—
	TOTAL	290560	1474129.83	493462	7156061.40

31-03-2009

31-03-2008

**SCHEDULE - 8
SUNDRY DEBTORS**

(Unsecured Considered Goods)

More Than Six Month

Others

—	—
1,365,989.45	11,992,976.45
1,365,989.45	11,992,976.45

**SCHEDULE 9
CASH & BANK BALANCE**

Balance with Scheduled Bank in C/A

Fixed Deposit

Cash in Hand

4,305,082.90	7,521,282.51
—	2,800,000.00
34,803.68	2,174,179.31
4,339,886.58	12,495,461.82

PRITI MERCANTILE COMPANY LTD.

	31-03-2010	31-03-2009
SCHEDULE 10		
LOANS & ADVANCES		
Loans including Interest	282,784,691.00	140,740,186.10
Advances (Recoverable in Cash or in Kind or for value to be recd.)	101,261,389.50	59,355,794.50
Share Application Money Paid	10,000,000.00	18,750,000.00
Advance Income Tax/ TDS	47,148.00	166,880.00
Fringe Benefit Tax Refundable	6,905.00	6,905.00
	<u>394,100,133.50</u>	<u>219,019,765.60</u>
SCHEDULE 11		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors (Due to creditor other than micro & small enterprise)	22,875,644.00	23,564,961.08
Advances	123,297,500.00	169,020,001.00
Unpaid Dividend (Interim dividend for the financial year 2010-11 declared on 14.01.2010)	18,200.00	—
PROVISIONS		
Proposed Dividend	—	5,017,800.00
Tax On Proposed Dividend	—	852,775.00
Provision for Income Tax	10,269.00	—
Fringe Benefit Tax Payable	—	13,000.00
TDS Payable	7,776.00	—
Expenses Payable	1,287,702.00	703,038.81
	<u>147,497,091.00</u>	<u>199,171,575.89</u>
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE		
Share Issue Expenses (To the extent not written off)	213,750.00	237,500.00
Less: Share Issue Exp. W/O	23,750.00	23,750.00
	<u>190,000.00</u>	<u>213,750.00</u>
SCHEDULE 13		
BROKERAGE / COMMISSION		
Advisory Fees	1603860.00	—
Arranger Fees	2406250.00	5000000.00
Brokerage from distribution operation	1164500.00	75734.00
Net result in purchase & sale of Bonds (Purchase Rs. 903338808.21, Sale Rs.911338808.21)	8000000.00	—
	<u>13174610.00</u>	<u>5075734.00</u>
SCHEDULE 14		
INCREASE/DECREASE IN STOCK		
Opening Stock of Shares	7,157,062.18	13,981,628.70
Closing Stock of Shares	1,474,129.83	7,157,062.18
	<u>(5,682,932.35)</u>	<u>(6,824,566.52)</u>

PRITI MERCANTILE COMPANY LTD.

31-03-2010**31-03-2009**

SCHEDULE 15**LIST OF OTHER EXPENSES**

Bank Charges	39,780.50	35,258.82
Demat Charges	2,097.14	2,540.79
Legal Charges	10,000.00	12,000.00
Roc Filling Fees	3,000.00	271,626.00
Listing Fees	14,750.00	14,750.00
Misc. Expenses	38,918.95	31,371.40
Bad Debts	—	1,114,653.63
Interest Paid To Bank	42,897.00	68,631.00
Certification Charges	50,568.00	32,730.00
Finance Charges	50,348.35	32,421.63
Computer Maintance	5,200.00	—
Motor Car Expenses	138,491.59	101,042.55
Office Exp.	84,675.75	72,943.00
Books & Periodical	25,841.00	28,394.00
Postage & Courier	71,774.00	45,533.00
Printing & Stationery	75,967.50	64,085.50
Telephone Exp.	61,164.83	53,733.56
Travelling Exp.	87,674.50	82,020.00
Stock Exchange Expenses	18,441.00	14,431.00
Share Transfer Charges	58,459.00	8,989.00
NSDL custody Exp	16,545.00	11,011.00
	<u>896,594.11</u>	<u>2,098,165.88</u>

SCHEDULES FORMING PART OF THE ANNUAL REPORT

SCHEDULE - 16

NOTES TO ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS: -

- (a) Financial Statements are prepared under the historical cost convention method 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 makes 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 recognized prospectively in current and future periods.

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:

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 recognized / accounted for on the basis of revised AS-15 detailed as under:

- (a) Short-term employee benefits are recognized at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- (b) Termination benefits are recognized 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 recognized 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 recognized only if there is virtual certainty of its realization. Other Deferred Tax assets are recognized 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 recognized 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 recognized 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 recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(B) NOTES FORMING PART OF ACCOUNTS:

1. 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.
2. (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.
3. Details of Statutory Liabilities.
 - Service Tax Payable 880410/-
 - I. T. Demand for assessment year 2002-03 raised by ITO, Rampur-II for Rs. 1189410/- U/s 148 & 143(3) which have been cancelled by CIT (A), Bareilly vide order No. 366/ITO-II/09-10 dated 13.04.2010 and also rectified by ACIT Range - I, Moradabad on dated 23.06.2010.
4. There are no amount payable to any micro enterprises & small enterprises as identified by management from the information available with the company & relied upon by auditor.
5. The company had issued/allotted 3900000 convertible warrants to the non-promoter on 13.11.2009 @ Rs.40/- per share after that such 3900000 warrants converted into 3900000 equity shares on 30.01.2010. Thus the Paid-Up-Capital of the Company become as on 31.03.2010 is Rs. 89178000/- consisting 8917800 equity share of Rs.10/- each.

PRITI MERCANTILE COMPANY LTD.

6. Related Party Disclosures:

(A) List of related parties where (Where transactions have taken place)

S. NO.	NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
1	Enterprises owned / controlled by key management.	Director
a	RRP Management Services Pvt. Ltd.	
b	Prabhat Management Services Pvt. Ltd.	
c	Rekha Modi	Director

(B) Transaction with related parties:

S.No.	Particulars	Enterprises owned/controlled by key management.
1	Expenditure Paid to Rekha Modi	
	a) Rent	1,20,000/-
	b) Legal Charges	10,000/-
2	Sundry Creditors (Outstanding)	
	RRP Management Services Pvt. Ltd.	NIL
3	Sundry Debtors (Outstanding)	
	Prabhat Management Services Pvt. Ltd.	NIL
4	Advances Received / Returned / Outstanding	
	a RRP Management Services Pvt. Ltd.	Op. 4,00,00,000/- Cr. 6,95,35,000/- Dr. 7,95,35,000/- Cr. Cl. 5,00,00,000/- Cr.
	b Prabhat Management Services Pvt. Ltd.	Op. 2,90,00,000/- Cr. 5,70,00,000/- Dr. 4,08,50,000/- Cr. Cl. 1,28,50,000/- Cr.

(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.

7. Documents of Car No. DL 3C BA 2675 of the company are in the name of Sh. R.K. Modi director of the company.

8. Balance Sheet Abstract and Company's General Business Profile.

9. 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.

10. Deferred Tax (Net)

	Deferred tax Liab. As at 31.03.2009	Current Year Deferred Tax Liab.	Deferred tax Liab. As at 31.03.2010
(Difference between book and tax Depreciation)	6447.00	1993.00	4454.00

11. Director's Remuneration Rs.Nil.

PRITI MERCANTILE COMPANY LTD.

12. Expenditure on employee's in respect of remuneration in aggregate of not less than Rs. 24,00,000/- P.A. or Rs.2,00,000/- P.M. when employed for a part of the year.
13. Balance due to / from some of the parties are subject to confirmation.
14. Previous year's figures are re-classified, re-grouped, re-arranged where is necessary.

15. Payment to auditors:	Current Year	Previous Year
- Audit Fees	34193.00	22060.00
- Certification Charges	43568.00	15730.00
	<u>77761.00</u>	<u>37790.00</u>

16. 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	493462	7157062.18
(Previous Year)	1196187	13981628.70
Purchases	106925	25072020.99
110 MT		
(Previous Year)	511715	129220709.86
Sales	309827	22089684.96
110 MT		
(Previous Year)	1214440	131726808.83
Closing Stock	290560	1474129.83
(Previous Year)	493462	7157062.18

Confirmation of schedule 1 to 16 which form an integral part of the accounts.

As per our report of even date attached

For PRITI MERCANTILE COMPANY LIMITED

FOR M. M. GOYAL & CO.

Chartered Accountants

(MANMOHAN GOYAL)
PARTNER
M.No. 86085

(R. K. MODI)
MANAGING DIRECTOR

(REKHA MODI)
DIRECTOR

(D. K. GUPTA)
DIRECTOR

Place : New Delhi
Date : 31.07.2010

(KOMAL JHA)
Company Secretary

PRITI MERCANTILE COMPANY LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-03-2010

(Previous year figures have been rearranged in accordance with the new presentation)

	(Rs.) As on 31-03-2010	(Rs.) As on 31-03-2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extra-ordinary items	13,230,780	16,004,562
Adjustments for:		
Depreciation	107,803	130,434
Misc. Expenditure W/Off	23,750	23,750
Operating Profit Before Working Capital Changes	13,362,333	16,158,746
Adjustments for Working Capital Changes:		
Trade Receivables	10,626,987	(11,031,000)
Inventories	5,682,933	6,824,567
Loans & Advances	(175,080,368)	(162,807,834)
Current Liabilities	(51,674,484)	173,788,770
Cash Generated from Operations	(197,082,599)	22,933,248
Taxes Paid / Provided	(2,258,571)	(1,826,317)
Proposed Dividend	(5,017,800)	(5,017,800)
Dividend Tax	(852,775)	(852,775)
Cash Flow Before Extraordinary Items	(205,211,745)	15,236,356
Net Cash From Operating Activities (A)	(205,211,745)	15,236,356
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase/ Sale of Investments	25,264,083	(93,204,183)
Purchase of Fixed Assets	(54,200)	(828,690)
Share Issue Expenses	—	(237,500)
Net Cash from Investing Activities (B)	(180,001,862)	(79,034,017)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital	156,000,000	—
Proceeds from Long Term Borrowings:	—	—
Secured Loans	(153,712)	413,387
Unsecured Loans	16,000,000	90,500,000
Deferred Tax Liability	—	—
Net Cash from Financing Activities (C)	171,846,288	90,913,387
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(8,155,574)	11,879,370
Closing Balance of Cash & Cash Equivalents	4,339,887	12,495,462
Less: Opening Balance of cash & Cash Equivalents	12,495,462	616,092
Net Increase / (Decrease) in Cash & Cash Equivalents	(8,155,575)	11,879,370

FOR AND ON BEHALF OF THE BOARD

(R. K. MODI)
MANAGING DIRECTOR

(REKHA MODI)
DIRECTOR

(D. K. GUPTA)
DIRECTOR

Place : New Delhi
Date : 31.07.2010

(KOMAL JHA)
Company Secretary

PRITI MERCANTILE COMPANY LTD.

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Priti Mercantile Company Limited for the year ended March 31, 2010 Derived from audited financial statements, prepared by the Company in accordance with clause 32 of the Listing agreement with the Stock Exchanges and found the Same in accordance therewith.

For M. M. GOYAL & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 31-07-2010

(MAN MOHAN GOYAL)
Partner
M.No. 86085

PRITI MERCANTILE COMPANY LTD.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(AS PER SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956)**

(A) REGISTRATION DETAILS :		
CIN	:	U27109UP1985PLC006998
State Code :	:	20
Balance Sheet Date	:	31st March, 2010
(B) CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. '000)		
Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	39000
(C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. '000)		
Total Liabilities	:	364190
Total Assets	:	364190
SOURCES OF FUNDS :		
Paid up Capital	:	89178
Reserve & Surplus	:	168247
Secured Loans	:	259
Unsecured Loans	:	106500
Deferred Tax Liability	:	4
APPLICATION OF FUNDS :		
Net Fixed Assets	:	659
Investments	:	109557
Net Current Assets	:	253783
Misc. Expenditure	:	190
Accumulated Losses	:	NIL
(D) PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. '000)		
Total Income	:	42399
Total Expenditure	:	29168
Profit/(Loss) Before Tax	:	13230
Profit/(Loss) After Tax	:	10974
Earning per share (Rs.)	:	1.23
Dividend Rate(%)	:	10%
(E) GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY :		
(As per Monetary Terms)	:	
Principal Service	:	Consultancy, Financial Activity

FOR AND ON BEHALF OF THE BOARD

(R. K. MODI)
MANAGING DIRECTOR

(REKHA MODI)
DIRECTOR

(D. K. GUPTA)
DIRECTOR

Place : New Delhi
Date : 31.07.2010

(KOMAL JHA)
Company Secretary

PRITI MERCANTILE COMPANY LIMITED

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

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 25th Annual General Meeting of the company held on Monday, 30th August, 2010.

.....
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, U.P.- 244901

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 25th Annual General Meeting of the company to held on
Monday, 30th August, 2010 at 10.30 a.m. at Regd. Office and any adjournment thereof.

Signed this.....day of.....2010.

Signature.....

Affix Revenue Stamp

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.

LAST FIVE YEARS AT A GLANCE

(Rs. in Thousand)

Sl. No.	Particulars/Financial Year	2009-10	2008-09	2007-08	2006-07	2005-06
1	Sales/Income from operation	42399	149283	18862	4239	35220
2	PBT	13230	16004	3611	912	757
3	Tax/Defered Tax	2258	1826	422	507	104
4	PAT	10972	14175	3188	405	652
5	Dividend	10%	10%	5%	—	—
6	Equity Capital	89178	50178	50178	50178	50178
7	Reserve & Surpluse	168247	46144	37839	37585	37179
8	Net Worth	257425	96332	88021	87767	87362
9	EPS (Rs.10/- per share)	1.23	2.82	0.63	0.02	0.02
10	Book Value	28.86	19.19	17.53	17.49	17.41

