

# Annual Report

## 2012-2013

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ADARSH MERCANTILE LIMITED

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# **ADARSH MERCANTILE LIMITED**

## **BOARD OF DIRECTORS**

P NARAYANAN  
GAUTAM AGARWALA  
SUCHITA CHHAWCHHARIA

## **SECRETARIAL COMPLIANCE OFFICER**

PS & ASSOCIATES

## **AUDITORS**

S RAY & CO.  
CHARTERED ACCOUNTANTS

## **BANKERS**

CITIBANK N.A.

## **CONTENTS**

NOTICE	2
DIRECTORS' REPORT	4
INDEPENDENT AUDITORS' REPORT	17
BALANCE SHEET	22
STATEMENT OF PROFIT & LOSS	23
CASH FLOW STATEMENT	24
NOTES ON FINANCIAL STATEMENTS	25

## **REGISTERED OFFICE**

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



## ADARSH MERCANTILE LIMITED

### NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Company will be held at the Registered Office at 8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027, on Monday, the 23<sup>rd</sup> day of September 2013 at 12.00 P.M. to transact the following business:

#### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint the Statutory Auditors of the Company and fix their remuneration.

#### Special Business:

##### Item No. 3

*To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:*

"RESOLVED THAT in accordance with the provisions of Section 255 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof for the time being in force and the Articles of Association of the Company, Mrs. Suchita Chhawchharia, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member in writing, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

#### Notes:

- a) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- b) Each shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a shareholder. The proxy form should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- c) Corporate Members intending to send their authorized representatives at attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- d) Members/Proxies attending the meeting are requested to bring their copy of the Attendance Slip duly filled in.
- e) The Register of Share Transfers of the Company will remain closed for accepting share transfer applications from 16<sup>th</sup> September 2013 to 23<sup>rd</sup> September 2013.



## ADARSH MERCANTILE LIMITED

### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 (Annexure as referred to in the notes of Notice)

#### Item No. 3

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, the Board of Directors of the Company in its meeting held on June 24, 2013, appointed Mrs. Suchita Chhawchharia as an Additional Director of the Company.

The Company had received a notice in writing from a member along with a deposit of Rs 500 proposing the candidature of Mrs. Suchita Chhawchharia for the office of Director of the Company.

Mrs. Suchita Chhawchharia is not disqualified from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956 and has complied with the requirements of obtaining a Directors' Identification Number in terms of Section 266A of the Companies Act, 1956.

The Board recommends the resolution for the appointment of Mrs. Suchita Chhawchharia as a Director of the Company.

Mrs. Suchita Chhawchharia does not hold any equity shares of the Company in her own name and except Mrs. Chhawchharia none of the Directors of the Company are, in any way, concerned or interested in this resolution.

By Order of the Board of Directors

For Adarsh Mercantile Ltd.

P Narayanan  
(Director)

Date: August 31, 2013

Place: Kolkata



## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The year 2011-12 was a challenging year for the Indian economy. The economy experienced a sharp decline in GDP rate from 6.9% in 2011-12 to 5.50% in 2012-13. The tightened liquidity also affected the functioning of Capital markets.

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

### **SEGMENT WISE OR PRODUCT WISE PERFORMANCE**

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

### **OUTLOOK**

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

### **OPPORTUNITIES & THREATS**

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

### **RISKS & CONCERNS**

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

### **INTERNAL CONTROL SYSTEM AND ADEQUACY**

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

### **FINANCIAL PERFORMANCE**

During the year under review the Company received dividend of Rs 290,471 compared to Rs 351,988 in the previous year. The Interest income during the year was Rs 628,548 as against Rs 428,620 in the corresponding previous period. The Company earned a profit of Rs 2,805,295 on disposal of Investments compared to Rs 616,958 in the previous year. The trading activities of the Company resulted in a loss of Rs 2,757,957 during the year as compared to a profit of Rs 362,231 during the previous year.

The profit after tax during the current period was Rs 23,594 compared to Rs 420,671 during the preceding previous year.



**REPORT ON CORPORATE GOVERNANCE****(Pursuant to Clause 49 of the Listing Agreement)****1. Company's philosophy on Code of Governance**

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

**2. Board of Directors**

- Composition and Size of the Board**

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

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

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

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

30<sup>th</sup> May, 2012, 30<sup>th</sup> July 2012, 7<sup>th</sup> November 2012 and 21<sup>st</sup> January 2013

- The information as required under Annexure I to Clause 49 of the Listing Agreement is made available to the Board. The Agenda and the papers for consideration at the Board Meetings are circulated at least three days prior to the meeting. Adequate information is circulated as a part of Board papers and is made available at the Board Meetings to enable the Board to take informed decisions.
- Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Companies and Committees where he is Director / Member (as on 31<sup>st</sup> March, 2013):

Directors	Category of Directorship	Board Meetings Attended	Attendance at the last AGM	No. of other Directorship held in other Companies	No. of Board Committees of which Member / Chairman in other Companies	
					Chairman	Member
Mr. P Narayanan	NED (I)	4	Present	2	-	3
Mr. Gautam Agarwala	NED (I)	4	Present	-	-	-
Mrs. Suchita Chhawchharia (*)	NED	Nil	-	-	-	-
Mrs. Ekta Dhanania (*)	NED (I)	4	Present	-	-	-

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



## ADARSH MERCANTILE LIMITED

### Notes :

1. Number of Directorship held in other companies, exclude Directorship in private companies, foreign companies and Alternate Directorships.
2. An Independent Director is a Director who, apart from receiving Director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries and associates, which in the judgment of the Board may affect their independence of judgment.
- (\*) Mrs. Ekta Dhanania has resigned as a Director with effect from 24<sup>th</sup> June 2013 and Mrs. Suchita Chhawchharia has been appointed on that date as an Additional Director
- Details of Directors seeking re-appointment at the ensuing Annual General Meeting fixed on 23.09.2013 are given below :

<b>Name of Director</b>	<b>Mrs. Suchita Chhawchharia</b>
<b>Date of Appointment /Re-Appointment</b>	<b>24.06.2013</b>
<b>Expertise in specific functional areas</b>	Senior Executive having experience in financial matters and advises on compliance with various laws.
<b>List of other Directorship held</b>	None

### 3. Audit Committee

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

The Statutory Auditors are invitees to the meeting.

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

There were four meetings of the Audit Committee during the year held on 30<sup>th</sup> May 2012, 30<sup>th</sup> July 2012, 7<sup>th</sup> November 2012 & 21<sup>st</sup> January 2013 and the gap between two meetings was not more than four months. The attendance of each Member of the Committee is given below :

<b>Name of the Director</b>	<b>No. of Meetings Attended</b>
Mr. Gautam Agarwala	4
Mr. P. Narayanan	4
Mrs. Ekta Dhanania (since resigned)	4

All the above members of the Audit Committee were present at the Annual General Meeting of the Company held on 15<sup>th</sup> September 2012.

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

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



## ADARSH MERCANTILE LIMITED

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

The Investors' / Shareholders' Grievance Committee had two meetings during the year on 30<sup>th</sup> July 2012 and 21<sup>st</sup> January 2013.

### 5. General Body Meetings

Nature of the General Meeting	Date and time of AGM	Venue	If Special Resolution(s) Passed
Annual General Meeting	01.09.2010	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No
Annual General Meeting	16.08.2011	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No
Annual General Meeting	15.09.2012	8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027	No

No Extra Ordinary General Meetings were held during the year

### 6. Disclosure

#### (1) Remuneration

- Remuneration Committee was constituted on 24<sup>th</sup> March, 2008 comprising of two independent directors, viz., Sri Gautam Agarwala and Sri P Narayanan and one Non-Independent Director viz. Mrs. Suchita Chhawchharia
- Remuneration of employees largely consists of fixed pay i.e basic pay, allowances etc.
- No remuneration has been paid to the Non-Executive Directors.
- No remuneration was paid to the Executive Directors during the year 2012-2013

Note: No Commission has been paid to any Director.

- There are no related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed in Note No. 25 of the Financial Statements.
- During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

### 7. Code of Conduct

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

### 8. Means of Communication

- The Company is in the process of developing a website of its own. There were no presentations made to the institutional investors or analysts.
- The Management Discussion and Analysis Report forms a part of this Annual Report.



## ADARSH MERCANTILE LIMITED

9. The details of equity shares/convertible instruments held by Non-Executive Directors of the Company as on 31<sup>st</sup> March 2013 are as follows:

Name of Director	No. of equity shares held	No. of convertible instruments held
Gautam Agarwala	Nil	Nil
Pothera Narayanan	35,000	Nil
Suchita Chhawchharia	Nil	Nil

### 10. General Shareholder Information

- AGM Date, Time and Venue 23<sup>rd</sup> September 2013 at 11.00 A.M. at 8A & 8B, Satyam Towers, 3, Alipore Road, Kolkata – 700 027
- Financial Calendar for Financial Year 2012-2013 1<sup>st</sup> April to 31<sup>st</sup> March.
- First Quarterly Results Before 15<sup>th</sup> day of August 2013
- Second Quarterly Results Before 15<sup>th</sup> day of November 2013
- Third Quarterly Results Before 15<sup>th</sup> day of February 2014
- Audited Yearly Results for the year ended 31<sup>st</sup> March, 2013 Before end of May 2014
- Date of Book Closure 16<sup>th</sup> September 2013 to 23<sup>rd</sup> September 2013 (both days inclusive).
- Dividend Payment Date(s) Not Applicable
- Listing on Stock Exchanges The Uttar Pradesh Exchange Association Limited. The Company has paid the listing fee for the period 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013.
- Stock Code - Physical The Uttar Pradesh Stock Exchange Association Limited : 03053
- Demat ISIN Number for NSDL & CDSL INE 673E01018
- Corporate Identification Number L51109WB1992PLC055082
- High / Low market price of the Company's shares traded on Stock Exchanges There was no trading of the Shares of the Company for the period from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 at The Uttar Pradesh Stock Exchange Association Limited. Therefore, high / low of market price of the share does not arise.
- Address for Correspondence : Principal Office  
**Adarsh Mercantile Limited**  
 8A & 8B, Satyam Towers,  
 3, Alipore Road  
 Kolkata 700 027  
 Phone : 2479-1951  
 Fax : 2479 1952