
GAURAV MERCANTILES LIMITED

TWENTY FIFTH ANNUAL REPORT 2009 - 2010

GAURAV MERCANTILES LIMITED

BOARD OF DIRECTORS : Mr. P.S. Bohra (Chairman)
Mr. Kamal S. Baid
Mr. Tarun Bohra (From 17.8.2009)

AUDITORS : M/s Majithia & Associates
Chartered Accountants
Mumbai

BANKERS : Oriental Bank of Commerce
Kotak Mahindra Bank

REGISTERED OFFICE : 310 Gokul Arcade-B,
Subhash Road, Vile Parle-East,
Mumbai-400057.

GAURAV MERCANTILES LIMITED

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of GAURAV MERCANTILES LIMITED will be held at 310 Gokul Arcade-B, Subhash Road, Vile Parle-E, Mumbai-400057 on Saturday the 14th August, 2010 at 10 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended 31st March, 2010 and Director's and Auditor's report thereon.
2. To appoint a Director in place of Mr. Kamal S.Baid, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution –

4. "RESOLVED that Mr.Tarun Bohra who was appointed as an Additional Director of the Company with effect from 17.8.2009 and who ceases to hold office at the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation".

Regd. Office :
310 Gokul Arcade-B,
Subhash Road, Vile Parle-E,
Mumbai-400057
Date : 15.7.2010

By Order of the Board
For GAURAV MERCANTILES LTD.

P.S.BOHRRA
Chairman

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 10th August, 2010 to 14th August, 2010 (Both Days Inclusive).
3. Members are requested to notify change of address, if any.
4. Members desiring to seek any information on the annual accounts to be explained at the meeting are requested to write to the company at an early date to facilitate compilation of the information.
5. Share Holders/Proxies who come to attend the meeting are requested to bring their copies of the Annual Report with them.
6. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Ordinary Resolution set out above is annexed hereto.

Regd. Office :
310 Gokul Arcade-B,
Subhash Road, Vile Parle-E
Mumbai-400057.
Date : 15.7.2010

By Order of the Board
For GAURAV MERCANTILES LTD.

P.S.BOHRRA

GAURAV MERCANTILES LIMITED

EXPLANTORY STATEMENT PURSUANT TO SEC.173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

The Board of Directors of the Company at their meeting held on 17th August,2009 appointed Mr.Tarun Bohra as Additional Director of the Company .Pursuant to Sec.260 of the Companies Act,1956, he holds office as Director up to the date of ensuing Annual General Meeting. A notice pursuant to Sec.257 of the Companies Act,1956 has been received along with requisite deposit of Rs.500 proposing the appointment of Mr.Tarun Bohra as a Director of the Company.

None of the Directors except Mr.P.S.Bohra (being related to Mr.Tarun Bohra) and Mr.Tarun Bohra may be deemed to be concerned or interested in this resolution.

The Board of Directors recommend the aforesaid resolution for approval.

Regd. Office:
310 Gokul Arcade-B,
Subhash Road,Vile Parle-E
Mumbai-400057
Date : 15.7.2010

By Order of the Board
For GAURAV MERCANTILES LTD.

P.S.BOHRRA
Chairman

GAURAV MERCANTILES LIMITED

DIRECTOR'S REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 25th Annual Report together with Audited statements of accounts of the Company for the year ended 31st March 2010.

The financial results of the Company are summarized as under:

(Rs.)

Gross Surplus for the year	2683353
Less: Depreciation	212553
Less : Provision for Income tax/Deferred tax	653960
Add: Credit Balance B/F forward from previous year	1265703
Amount available for appropriation	3082542
APPROPRIATION:	
Transferred to General Reserve	0
Credit Balance Carried to Balance Sheet	3082542

DIVIDEND

The Directors have decided not to recommend any dividend for the year, so as to create sufficient reserves for the future expansion of the Company.

OPERATION

The working results of the company for the year are satisfactory. Your directors report that Company has sold some of its properties at good profits. Your Directors hope to do better in the current year.

DIRECTORS

In pursuance to the Companies Act, 1956 and Article of Association of the Company Mr. Kamal S.Baid retire by rotation and being eligible offer himself for re-appointment.

Mr. Tarun Bohra has been appointed as additional Director of the company on 17.8.2009.

Mr. Kamal S.Bhutoria has resigned from directorship of the company w.e.f 17.8.2009. The Board records its appreciation for the valuable contribution made by him during his tenure as Director of the Company.

PUBLIC DEPOSITS

During the year under review your Company has not accepted any deposit from Public.

AUDITOR'S OBSERVATION

As regards Auditors observations in the annexure to the report, the report is self explanatory and gives factual position which does not require further clarifications.

AUDITORS

M/s Majithia & Associates, Chartered Accountants, hold office till the conclusion of the ensuing Annual General meeting. They have signified their willingness to accept re-appointment and

GAURAV MERCANTILES LIMITED

confirmed their eligibility u/s 224 (1B) of the Companies Act, 1956.

PERSONNEL

No employee was in receipt of remuneration, which was more than the limits prescribed under section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975, as amended.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGOING

Your Company has not done any major operation during the year. Wherever possible energy conservation measures required have already been implemented. Efforts to conserve and optimise the use of energy through improved operation methods and other measures will continue.

Considering the basic activities of the company, there was no technology absorption.

There has been no foreign exchange income or outflow during the year.

CORPORATE GOVERNANCE

A report on Corporate Governance is annexed to this Report. The certificate from the auditors in this respect is annexed.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report, as required by the listing agreement, are dealt with in various sections of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

A statement on directors' Responsibility as prescribed under Section 217 (2AA) of the Companies Act, 1956 is given below:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period.
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. We have prepared the annual accounts on a "going concern basis".

LISTING OF EQUITY SHARES

The Company's equity shares are listed on Delhi Stock Exchange. There is no arrear of Annual Listing Fee payable to Stock Exchange.

ACKNOWLEDGEMENT

The Directors wish to thank company's bankers, employees and all other associated with the operation of the Company.

For and on behalf of the Board

Place : Mumbai
Dated : 15.7.2010

P. S. BOHRA
Chairman

GAURAV MERCANTILES LIMITED

ANNEXURE TO DIRECTOR'S REPORT CORPORATE GOVERNANCE REPORT

In compliance of the Corporate Governance requirements of the Listing Agreement with Stock Exchange, the Company's policies and due compliance for the year ended 31st March, 2010 is given hereunder:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of your Company believes that the implementation of Code of Corporate Governance will strengthen the concept of transparency, integrity and accountability and its sincere implementation will further build trust of customer's and increase corporate value for its shareholders.

2. BOARD OF DIRECTORS

The Board of the Company consists of 3 Directors with specialized knowledge and professional experience in varied fields. The Board of the Company has met 10 times during the Financial Year 2009-2010 on 30.4.2009, 26.5.2009, 15.6.2009, 17.7.2009, 17.8.2009, 7.9.2009, 31.10.2009, 6.11.2009, 30.1.2010 & 31.3.2010

The Composition of the Board of Directors together with the attendance at various meetings of the Board and Annual General Meeting of the Company are provided herein below:

Name of Director	Number of Meetings Attended	Attendance at Last AGM
Mr. P. S. Bohra	10	Yes
Mr. Kamal S. Baid	7	Yes
Mr. Kamal Singh Bhutoria (up to 17.8.2009)	0	No
Mr. Tarun Bohra (from 17.8.2009)	4	No

3. Details of Directors seeking Appointment/Re-Appointment

Re-appointment -

Name	Mr. Kamal S. Baid
Age	15.12.1950 (60 years)
Experience	38 years
Directorship held in other companies	NIL
Committee position held in other Public Companies	NIL
Date since Directorship held in Company	20.4.2003
No. of shares held in the Company	NIL

GAURAV MERCANTILES LIMITED

Appointment -

Name	Mr. Tarun Bohra
Age	11.2.1985 (25 years)
Experience	1 year
Directorship held in other companies	NIL
Committee position held in other Public Companies	NIL
Date since Directorship held in Company	17.8.2009 as additional Director
No. of shares held in the Company	195000

4. MANAGEMENT COMMITTEE

The Management Committee of the Board consists of 2 Directors, including the chairman. This committee has been delegated financial powers and approves loan proposals and expenditure proposal within the broad parameters of the delegated authority. The Committee met four times during the year on 30.5.2009, 29.8.2009, 28.11.2009 & 27.2.2010

Details of attendance of Directors in the subject meeting are as follows:

Directors	Number of Meetings Attended
Mr. P. S. Bohra	4
Mr. Kamal S. Baid	4

5. AUDIT COMMITTEE

The Audit Committee comprises two Directors with Mr. Kamal S. Baid, with good professional experience, as Chairman of this Committee. The other member of this Committee is Mr. P. S. Bohra. The Audit Committee performs following functions:

- A) Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of Financial Information;
- B) Recommending re-appointment of statutory auditors and fixing of their fees;
- C) Reviewing with the Management the annual financial statement with special emphasis on accounting policies, compliance with accounting standards and other legal requirements concerning financial statements;
- D) Reviewing the adequacy of the Audit and compliance function including their policies, procedures, techniques and other requirements;
- E) In addition to aforesaid, the Audit Committee to have special focus on;
 - Unreconciled long outstanding entries
 - Arrears in balancing of books
 - All other areas of house keeping

The Audit Committee of the Board met 4 times during the year on 30.5.2009, 29.8.2009, 28.11.2009 & 27.2.2010

Details of attendance of Directors in the subject meeting are as follows:

GAURAV MERCANTILES LIMITED

Directors	Number of Meetings Attended
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Mr. Kamal S. Baid	4
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Mr. P. S. Bohra	4
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6. **REMUNERATION COMMITTEE:**

The Company does not have a remuneration committee. No Remuneration and sitting fees are paid to Directors for attending the Board meeting.

7. **SHAREHOLDERS COMMITTEE**

The Share Transfer and shareholders grievance committee is mandated to look into redressing of shareholders and investors grievances. Mr. P. S. Bohra is chairman of this committee.

The Board has designated Mr.P.S.Bohra, Chairman as the Compliance Officer. During the period, no grievance is received from any shareholder.

8. **GENERAL BODY MEETING**

(A) Details of last three AGMs held :

Sl. No.	AGM Date	Location	Time
1.	24.7.2009	310 Gokul Arcade -B, Subhash Road, Vile Parle -East, Mumbai-400057	10.00 A.M.
2.	10.7.2008	310 Gokul Arcade -B, Subhash Road, Vile Parle -East, Mumbai-400057	3.00 P.M.
3	29.9.2007	B-418, Som Dutt Chamber-1, Bhikaji Cama Place, New Delhi-110066.	3.00 P.M.

(B) No Extra-ordinary General Meeting held in last three years.

(C) No special resolutions were put through postal Ballot in last year.

(D) No Special resolution passed in the previous 3 AGMs

9. **DISCLOSURES:**

(i). The transactions with the Companies, where the Directors of the Company are interested were in the normal course of business.

(ii). There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Market during the last three years.

(iii). Accounting Standards: The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in preparation of the

GAURAV MERCANTILES LIMITED

financial statements.

- (iv). Risk Management: The Company has laid down procedure to inform the Board about the risk assessment and minimization procedures.

10. MEANS OF COMMUNICATION:

The Unaudited quarterly and audited full year financial results were sent to the Delhi Stock Exchange where the shares of the Company are listed. These financial results were also published in local newspaper.

11. Certificate by Director:

Sri P.S.Bohra, Director issued a certificate to the Board Of Directors as prescribed under sub-clause V of Clause 49 of the Listing Agreement. The said certificate was placed before the Board Meeting were considered and approved.

12. Declaration of Compliance with the Code of Conduct as provided in Clause 49 of the Listing Agreement with the Stock Exchange:

The Board Members have confirmed compliance with the Code of Conduct, as laid down by the Board of Directors of the Company during the Financial Year 2009-10

13. The Company has not issued any GDRs/ADRs/Warrants or any Convertible instruments.

14. General Shareholder information:

- | | | | |
|--|-------|--|---|
| (i) Annual General Meeting: | Date | : | 14.8.2010 |
| | Time | : | 10 A.M. |
| | Venue | : | 310 Gokul Arcade-B,
Subhash Road, Vile Parle-E,
Mumbai-400057 |
|
(ii) Financial Calendar | : | (Tentative) | |
| Annual General Meeting | : | 14.8.2010 | |
| Results for quarter ending
June 30, 2010 | : | Last week of July,2010 | |
| Results for quarter ending
Sept. 30, 2010 | : | Last week of October,2010 | |
| Results for quarter ending
Dec. 31, 2010 | : | Last week of January,2011 | |
| Results for quarter ending
Mar. 31, 2011 | : | Last week of June 2011 | |
| (iii) Dates of Book Closure | : | From 10.8.2010 to 14.8.2010
(Both days inclusive) | |
| (iv) Dividend Payment Date | : | Not Applicable | |
| (v) Listing on Stock Exchange
Equity Shares | : | Delhi Stock Exchange | |
| (vi) Stock Exchange File No. | : | 4941 (DSE) | |

- (vii) Market Price Data : During the last year, the equity shares of the Company were not traded at Delhi Stock Exchange.

GAURAV MERCANTILES LIMITED

(viii) Performance in comparison to broad based indices:

Company's Share price performance during the financial year 2009-2010 could not be compared since Company's shares were not traded.

(ix) Registrar and Transfer Agent : The Company had done the share transfer Job in house at its registered office.

(x) Share Transfer System :

Presently the share transfers, which are received in physical form, are processed and the share certificate returned within a period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. The Company has yet to offer the facility of transfer cum demats.

(xi) Distribution of Shareholding (as on 31.03.2010):

No. of Shares Held	Shareholders Number	%	Share Amount in Rs.	% of total
1-500	1857	89.80	4,062,700	20.31
501-1000	168	8.12	1,271,300	6.36
1001-2000	16	0.77	192,000	0.96
2001-3000	7	0.34	180,000	0.90
3001-4000	2	0.10	75,000	0.38
4001-5000	5	0.24	246,000	1.23
5001-10,000	4	0.19	326,000	1.63
10001 & above	9	0.44	13,647,000	68.23
Total	2068	100.00	20,000,000	100.00

Categories of Shareholding as on 31st March, 2010

Category	No. of Shares Held	% of Shareholding
Promoters	1329500	66.475
Body Corporates - Domestic	12300	0.615
Indian Public	658200	32.910
	-----	-----
	2000000	100.000
	=====	=====

On behalf of the Board of Director

ADDRESS FOR CORRESPONDENCE

Gaurav Mercantiles Ltd.,
310 Gokul Arcade-B,
Subhash Road, Vile Parle-E
Mumbai-400057
Phone : 65726780

P.S.Bohra
Chairman

GAURAV MERCANTILES LIMITED

**M/s MAJITHIA & ASSOCIATES
CHARTERED ACCOUNTANTS**

6, New Jagruti CHS Ltd.,
1st Floor, 227, S. V. Road,
Bandra (West),
Mumbai - 400 050

AUDITOR'S CERTIFICATE

To
The Members of Gaurav Mercantiles Limited

We have examined the Compliance of conditions of corporate governance by Gaurav Mercantiles Limited, for the year ended on March 31, 2010, as stipulated in the listing Agreement of the said company with Delhi stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company. In our opinion to the best of our information & according to the explanations given to us, subject to the following.

1. The number of independent directors is less than half of the strength of Board of Directors.
2. An audit committee comprising of two thirds of the members being independent directors is not set up

We certify that the company has complied with the conditions of corporate Governance as stipulated in the above mentioned listing Agreement and no material deviations have been observed.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For MAJITHIA & ASSOCIATES
Chartered Accountants

Place : Mumbai
Date : 15.7.2010

N. P. Majithia
(Partner)
M. No. 122626
Firm Reg. No. - 105871W

GAURAV MERCANTILES LIMITED

M/s MAJITHIA & ASSOCIATES
CHARTERED ACCOUNTANTS

6, New Jagruti CHS Ltd.,
1st Floor, 227, S. V. Road,
Bandra (West),
Mumbai - 400 050

AUDITORS REPORT

To
The Members
M/s. GAURAV MERCANTILES LIMITED

We have audited the attached Balance Sheet of M/s. GAURAV MERCANTILES LIMITED as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those 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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance.
 - e) In our opinion, Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956.
 - f) On the basis of written representations received, we report that none of Directors are disqualified as on 31st March 2010 from being appointed as a Director in terms of section 274 (1) (g) of the Companies Act, 1956.
 - g) In our opinion and to the best of our information and according to the explanations given to us the said accounts, read together with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give 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 affairs of the Company as at 31st March 2010.
 - (ii) In the case of Profit and Loss Account, of Profit of the Company for the year ended on that date.

For MAJITHIA & ASSOCIATES
Chartered Accountants

Place: Mumbai
Dated: 15.7.2010

N. P. Majithia
(Partner)
M. No. 122626
Firm Reg. No. 105871W

GAURAV MERCANTILES LIMITED

M/s MAJITHIA & ASSOCIATES
CHARTERED ACCOUNTANTS

6, New Jagruti CHS Ltd.,
1st Floor, 227, S. V. Road,
Bandra (West),
Mumbai - 400 050

ANNEXURE

Annexure referred to in paragraph 2 of our report of even date on the Financial Statements of M/s. GAURAV MERCANTILES LIMITED, for the year ended 31st March 2010.

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

- 1.a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) As explained to us, physical verification of Fixed Assets was done by the management on yearly basis and no material discrepancies were noticed on such verification. In our opinion, frequency of verification of Fixed Assets is reasonable.
- c) According to the information and explanations given to us, the company has disposed off part of the fixed assets during the year.
2. a) As per the information and explanations given to us, there are no inventories held with the company and hence question of physical verification does not arise.
- b) In our opinion and according to information and explanations given to us, the company does not hold any inventory and hence the procedures of physical verification of inventories by the management does not arise.
- c) On the basis of our examination of the records, the company is not holding any inventory, hence question of any material discrepancies does not arise.
3. As informed, the Company has granted interest free loan, secured or unsecured to Company listed or covered in the register maintained under Section 301 of the Act.
- a) According to the information and the explanation given to us, the Company has given interest free / interest bearing unsecured loan & advance to five companies covered in the register maintained under section 301 of the Companies Act, 1956, in which directors are interested as contemplated under sub-section (6) of section 299 of the said Act. The year end balance of such loan is Rs. 13600000/- and the maximum amount outstanding during the year was Rs. 33725000/- :-
As the information & explanation given to us the terms & condition of such loan is not prejudicial to the interest of the company.
- b) In our opinion and according to the information & explanations given to us, the company has taken unsecured loans from one companies listed in the register maintained under section 301 of the Companies Act, 1956.
The year end balance is NIL and the maximum amount outstanding during the year was 2400000/-
As the information & explanation given to us the terms & condition of such loan is not prejudicial to the interest of the company.
- c) As per the information & explanation given to us, we are of opinion that the transactions that need to be entered into the register maintain U/s 301 of the companies Act, 1956 have been so

GAURAV MERCANTILES LIMITED

entered.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of goods.
5. In our opinion and according to the information & explanations given to us, there are no transaction of purchase of goods and materials and sale of goods, materials & services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 5,00,000/- or more in respect of each party.
6. No deposits within the meaning of Section 58A & 58AA of the Act and rules framed there under have been accepted by the Company.
7. In our opinion and according to information and explanations given to us, the company has adequate internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under section 209(1) (d) of the companies Act, 1956 for any of the products of the company.
9. a) According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
b) According to the records of the company, there is no disputed amount payable in respect of sales tax, customs, wealth tax, excise duty, cess and other statutory dues applicable to it.
10. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under report and the immediately preceding financial year.
11. On the basis of our audit procedures and based on the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. Based on our audit procedures and as per information and explanation given by management, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the paragraph 4 on the order are not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the paragraph 4 of the order are not applicable.
15. In our opinion and according to the information and explanation given by the management, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. On the basis of records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we state that the Company has, prime facie, applied the term loan for the purpose for which they were raised.
17. According to the information and explanation given to us and on overall examination of the financial statements and after placing reliance on the reasonable assumptions made by the

GAURAV MERCANTILES LIMITED

Company for classification of Short-term and Long term usage of the funds, we are of the opinion that the funds raised on short-term basis have prima facie not been utilized for long-term investment and vice-versa.

18. According to the information and explanation given to us, the company has not made preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has not issued any Secured Debentures during the year.
20. According to the information and explanation given to us, the company has not raised any money by way of public issue during the period.
21. Based upon the audit procedures performed and information and explanation given the management, we report that no fraud on or by the Company has been noticed or reported to / by us during the course of our audit.

**For MAJITHIA & ASSOCIATES
Chartered Accountants**

Place: Mumbai
Date: 15/07/2010

**N. P. Majithia
(Partner)
M. No. 122626
Firm Reg. No. 105871W**

GAURAV MERCANTILES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As At 31.3.2010 (Rs.)	As At 31.3.2009 (Rs.)
I-SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1	20,000,000	20,000,000
Reserves & Surplus	2	23,082,542	21,265,703
LOAN FUNDS			
<u>SECURED LOAN</u>	3	415,399	662,592
Deferred Tax Asset / Liability		408,557	401,654
TOTAL AMOUNT		43,906,497	42,329,949
II-APPLICATIONS OF FUNDS			
FIXED ASSETS			
(a) Gross Block	4	3,873,818	4,932,338
Less : Depreciation		1,407,868	1,455,140
Net Block		<u>2,465,950</u>	<u>3,477,198</u>
INVESTMENTS	5	120,51,008	4,129,151
CURRENT ASSETS, LOANS & ADVANCES			
Cash and Bank Balances	6	15,241,986	17,715,425
Loans and Advances		15,617,379	19,079,140
Other Current Assets		1,540	906
		<u>30,860,904</u>	<u>36,795,470</u>
Less : CURRENT LIABILITIES & PROVISIONS	7		
Current Liabilities		381,223	1,507,668
Provisions		1,090,142	564,203
		<u>1,471,365</u>	<u>2,071,871</u>
NET CURRENT ASSETS		29,389,540	34,723,599
TOTAL AMOUNT		43,906,497	42,329,949
Notes on Accounts	10		
As per our Audit Report of even date			
For Majithia & Associates			For & on behalf of the Board
Chartered Accountants	N. P. Majithia		P.S.Bohra
	(Partner)		Chairman
Place : Mumbai	M.No.122626		K.S.Baid
Date : 15.7.2010	Firm Reg. No. 105871W		Director

GAURAV MERCANTILES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	For the year Ended 31.03.2010 (Rs.)	For the year Ended 31.03.2009 (Rs.)
INCOME			
Interest Income		328,182	1,869,588
Other Income	8	3,801,468	516,469
TOTAL AMOUNT		4,129,650	2,386,056
EXPENSES			
Operating & Other Expenses	9	1,378,830	446,625
Interest		67,468	145,424
Depreciation		212,553	237,616
TOTAL AMOUNT		1,658,850	829,666
Profit for the year		2,470,800	1,556,391
Provision for Taxation		647,058	275,084
Provision for FBT		-	21,119
Provision for Deferred Tax		6,903	47,287
Profit after Taxation		1,816,839	1,212,901
Balance Bought forward from previous year		1,265,703	3,552,802
		3,082,542	4,765,703
Less : Transferred to General Reserve		-	3,500,000
Balance carried to Balance Sheet		3,082,542	1,265,703

NOTES ON ACCOUNTS

10

For and on behalf of the Board

As per our Audit Report of even date

For Majithia & Associates
Chartered Accountants

N. P. Majithia
(Partner)

M.No.122626

Firm Reg. No. 105871W

P.S.Bohra

Chairman

K.S.Baid

Director

Place : Mumbai

Date : 15.7.2010

GAURAV MERCANTILES LIMITED

Schedules Forming part of the Balance Sheet

SCHEDULE "1" SHARE CAPITAL	AS AT 31.03.10 (RS.)	AS AT 31.03.09 (RS.)
AUTHORISED		
10,000,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
ISSUED, SUBSCRIBED & PAID UP		
2,000,000 Equity Shares of Rs.10/- each fully paid up	20,000,000	20,000,000
	20,000,000	20,000,000

SCHEDULE "2"

RESERVES & SURPLUS

GENERAL RESERVE

As per last Balance Sheet	20,000,000	16,500,000
Add: Transfer from Profit & Loss a/c	-----	3,500,000
	20,000,000	20,000,000
Credit Balance as per Profit & loss A/c	3,082,542	1,265,703
	23,082,542	21,265,703

SCHEDULE "3"

SECURED LOANS

HDFC Bank Car Loan (Secured against hypothecation of Motor car)	415,399	662,592
	415,399	662,592

SCHEDULE "4"

FIXED ASSETS

(Depreciation as per Straight Line Method)

Description of Assets	GROSS BLOCK		DEPRECIATION				NET BLOCK		
	As at 01.04.2009 (Rs.)	Add /Sale during the year (Rs.)	As at 31-03-10 (Rs.)	As at 01.04.2009 (Rs.)	Depreciation W/Back (Rs.)	For the Year (Rs.)	Total as at 31.03.10 (Rs.)	As at 31.03.10 (Rs.)	As at 31.03.09 (Rs.)
BUILDING	2,461,153	(1,058,520)	1,402,633	608,685	259,825	26,103	374,963	1,027,670	1,852,468
PLANT & MACHINERY	206,312	-	206,312	153,962	-	-	153,962	52,350	52,350
AIRCONDITIONER	19,000	-	19,000	903	-	903	1,806	17,194	18,097
VEHICLES	1,776,153	-	1,776,153	416,984	168,735	-	585,719	1,190,434	1,359,169
OFFICE EQUIPMENT	333,590	-	333,590	232,083	9,168	-	241,251	92,339	101,507
FURNITURE & FIXTURE	136,130	-	136,130	42,523	7,644	-	50,167	85,963	93,607
TOTAL	4,932,338	(1058,520)	3,873,818	1,455,140	259,825	212,553	1,407,868	2,465,950	3,477,198
PREVIOUS YEAR	5,118,988	(186,650)	4,932,338	1,423,174	--	237,616	1,455,140	3,477,198	

GAURAV MERCANTILES LIMITED

SCHEDULE "5"

INVESTMENTS

NO. OF SHARES / UNITS	AT COST	PAID UP	AS AT 31.03.10 (RS.)	AS AT 31.03.09(RS.)
EQUITY SHARES (QUOTED)				
224*	Alstom Projects Ltd.	10	-	-
2000	Bharat Forge Ltd.	2	36,083	36,083
157	BF Utilities Ltd.	5	-	-
	(Recd.on demerger of Bharat Forge)			
3 (0)	Essar Securities Ltd.	10	261	-
53450 (58100)	Gujarat Sidhee Cement Ltd.	10	328,718	357,315
10960 (0)	India Securities Ltd.	1	153,576	-
14124*	Kamanwala Industries Ltd.	10	70,620	70,620
62 (31)*	Mahindra & Mahindra Ltd.	5	-	-
	(Previous year 31 shares of Rs.10)			
300	Nagarjuna Fertilizers Ltd.	10	6,000	6,000
250	Peninsula Land Ltd.	2	13,000	13,000
400	Schablona India Ltd.	4	4,000	4,000
3800	Spice Mobiles Ltd.	3	95,950	95,950
40	Suryavanshi Spinnings Mills Ltd.	10	2,800	2,800
157 (140)	Tata Iron & Steel Co. Ltd.	10	24,900	14,700
10 (105)	Tata Iron & Steel Co. Ltd.-CCPS	100	-	10,500
EQUITY SHARES - UNQUOTED				
157(0)	BF Investment Ltd.	5	-	-
	(Recd.on demerger of BF Utilities Ltd.)			
2000	Har Pratap Steel Ltd.	10	20,000	20,000
1500	Marnite Polycast Ltd.	10	15,000	15,000
1900	Prudential Moulisugar Ltd.	10	76,000	76,000
1000000 (220000)	Rezcom Realty Pvt.Ltd.	10	10,000,000	2,200,000
1	Saptarishi Ass. NTC Soc. Ltd.	10	100	100
525*	Saurashtra Chemicals Ltd.	10	-	-
200	Vadilal Dairy Int. Ltd.	10	6,000	6,000

GAURAV MERCANTILES LIMITED

NO. OF SHARES	AT COST	PAID UP	AS AT 31.3.10 (RS.)	AS AT 31.3.09 (RS.)
MUTUAL FUNDS - UNITS				
19800*	UTI Master Share	10	198,000	198,000
100000	Principal Mutual Fund	10	1,000,000	1,000,000
DEBENTURES				
0(50)	Essar Oil Ltd. (B&C)	57.5	-	1,917
0(50)	Essar Oil Ltd. (B&C)	35	-	1,167
130*	Hindustan Lever Ltd. Partly NCD	6	-	-
GRAND TOTAL			12,051,008	4,129,151
Total Quoted Investments			735,908	610,968
Total Unquoted Investments			11,315,100	3,518,183

Notes

- 1 *Includes 224,7062,31,525,3300 shares received as bonus shares in ascending order & 130 Debentures received as Bonus.
- 2 Interest on debentures is accounted for as and when received.
- 3 Market Value of Quoted Investment is Rs.28.25 lacs(cost Rs.7.36 lacs)
Previous year Rs.11.37 lacs (cost Rs.6.11 Lacs)
- 4 Figures in bracket are for previous year.

GAURAV MERCANTILES LIMITED

SCHEDULE "6"	AS AT	AS AT
CURRENT ASSETS, LOANS & ADVANCES	31.3.10 (RS.)	31.3.09 (RS.)
Cash & Bank Balances		
Cash on Hand	200,306	211,333
Balances with Scheduled Banks:		
Current Accounts	14,441,680	17,504,092
Deposit Accounts	600,000	-
	15,241,986	17,715,425
LOANS & ADVANCES		
(Unsecured- Considered Good)		
Loans to Bodies Corporate		17,658,276
Advances Recoverable in Cash or in kind or for value to be received	13,700,746	58,451
Advance Income Tax / TDS	1,916,633	1,362,413
	15,617,379	19,079,140
Other Current Assets		
Accrued Interest	1,540	906
	1,540	906

SCHEDULE "7"

CURRENT LIABILITES & PROVISIONS

CURRENT LIABILITES		
TDS Payable	2,758	2,575
Expenses Payable	378,465	1,505,093
	381,223	1,507,668
PROVISIONS :		
Provision for Taxation	1,090,142	564,203
	1,090,142	564,203

GAURAV MERCANTILES LIMITED

SCHEDULE "8"	AS AT	AS AT
OTHER INCOME	31.03.10 (RS.)	31.03.09 (RS.)
Dividend	76,163	93,549
Profit on Sale of Fixed Assets	3,725,305	-
Profit on Sale of Investments	-	422,920
		1
	3,801,468	516,469

SCHEDULE "9"

OPERATING AND OTHER EXPENSES

Auditor's Remuneration	27,575	25,000
Bank Charges	222,796	1,649
Conveyance	619	54
Electricity Charges	52,480	54,790
Filing Fees	1,620	1,280
Insurance	19,287	27,502
Legal & Professional Charges	5,000	8,533
Listing Fees	5,515	11,082
Miscellaneous Expenses	11,699	48,727
Postage & Courier	957	1,211
Printing & Stationary	17,614	22,553
Loss on Sale of Investments (net)	106,700	-
Rent & Maintenance Charges	340,919	106,759
Rates & Taxes	29,381	33,364
Salary & Bonus	16,424	51,000
Stamp Duty	400,000	-
Telephone	15,118	-
Travelling	20,099	-
Securities Transaction Tax	1,073	3,347
Vehicles Running & Maintenance	83,954	49,774
	1,378,830	446,625

GAURAV MERCANTILES LIMITED

SCHEDULE -10

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

a) BASIS OF ACCOUNTING:

The accounts of the Company are prepared under the historical cost convention and in accordance with applicable accounting standards except where otherwise stated. For recognition of income and expenditure, mercantile system of accounting is followed.

b) FIXED ASSETS:

Fixed Assets are stated at cost less accumulated depreciation.

c) INVESTMENTS:

Investments are stated at cost. Market Valuation of Shares are based on Stock Exchange Quotations, If Stock Exchange Quotations are not available then valued at cost.

d) DEPRECIATION:

Depreciation on fixed assets is provided on straight line value method as per the rates prescribed in Schedule XIV of the companies Act, 1956.

e) RETIREMENT BENEFITS:

Gratuity : Since none of the employee have completed the minimum specified period for eligibility under the payment of Gratuity Act, 1972, no provision for gratuity has been made

2. NOTES ON ACCOUNTS:

1. Tax Deducted at Source on Interest is Rs.32,596 (Previous year Rs. 380,625)
2. The Company has adopted Accounting standard (AS) -22 – “ Accounting for taxes on Income” from the financial year 2005-2006. Accordingly details of major components of deferred Tax Assets and Deferred Tax Liability as on 31.03.2010 is as follows :

Deferred Tax Liability As at 01.04.2009 (Rs.)	Current year Debit / Credit(Rs.)	Deferred Tax Liability as at 31.3.2010 (Rs.)
Rs. 4,01,654/-	Rs. 6,903/- Credit	Rs. 4,08,557/-

Earning per share (EPS) :	31st March, 2010	31st March, 2009
Net Profit as per P & L A/c	Rs. 1,816,839	Rs. 12,12,901
No. of Equity Shares	2000000	2000000
Basic & Diluted earnings per share	0.91	0.61

4. Related Party Disclosures

★ KEY MANAGERIAL PERSONNEL:-

Kamal Singh Baid	Director
Pratap Singh Bohra	Director
Tarun Pratap Bohra	Additional Director

GAURAV MERCANTILES LIMITED

★ RELATED PARTIES TRANSACTIONS:

Nature of Transaction	Name of Party	Amount Rs.
Interest Received	Bohra Exports Pvt. Ltd.	133,762/-
Interest Paid	Modisch Commodities P. Ltd.	16,586/-
Sale of Office Premises	Pratap Singh Bohra	724,000/-

★ Loans/Advances Given during the year	Rs. 5,73,25,000/-
★ Amount received as repayment during the year	Rs. 6,04,25,000/-
★ Amount Due From Related Parties:	Rs.1,36,00,000/-

List of related party is enclosed separately.

5. Detail of Managerial Remuneration
During the last financial year, no Remuneration/Sitting Fee paid to any Directors of Company.
6. In the opinion of the Management, the Current Assets, Loans & Advances approximately are of the value stated if realized in the ordinary course of business.
7. As per the information available with the Company, there are no dues outstanding including interest as on 31st March, 2010 to Small and Micro enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006
8. Segment Information
The Company has earned Interest Income and has only one segment.
9. Previous year's figures have been regrouped and/or rearranged wherever necessary.
As per our attached report of even date

Signatures to schedule 1 to 10

For Majithia & Associates
Chartered Accountants

(N. P. Majithia)
Partner

M. No.122626

Firm Reg. No. 105871W

P.S. BOHRA

CHAIRMAN

K.S. BAID

DIRECTOR

Place : Mumbai

Date : 15.7.2010

GAURAV MERCANTILES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

P A R T I C U L A R S	Amount Rs.
Cash Flow from operating activities	
Net profit before taxation	2,470,800
Adjustments for non cash Expenses and Item shown Separately:	
Depreciation	212,553
Interest Expense	67,468
Profit on Sale of Fixed Assets	(3,725,305)
Taxes paid during the year	(121,119)
Loss on Sale of investments	106,700
Dividend Received	(76,163)
Operating Profit before working capital adjustments	(A) (1,065,067)
Decrease In Other Advances	3,461,127
Decrease In Current Liabilities	(1,126,445)
	(B) 2,334,682
Cash from operations (A+B) =	(C) 1,269,615
Extra-ordinary items & write off	(D) -
Net Cash from Operating Activities (C - D) = (E)	1,269,615
Cash Flow From Investing Activities	
Purchase of Investments	(7,921,856)
Sale of Fixed assets	4,524,000
Loss on sale of Investments	(106,700)
Dividend Received	76,163
Net Cash from Investing Activities (F)	(3,428,393)
Cash from Financing Activities	
Repayment of HDFC car Loans	(247,193)
Interest paid	(67,468)
Net Cash from Financing activities (G)	(314,661)
Net Increase in cash & cash equivalents	(2,473,439)
Cash & cash equivalents at beginning of the period	17,715,425
Cash & cash equivalents at end of the period	15,241,986

As per report of our even date

For Majithia & Associates

Chartered Accountants

N. P. Majithia

Partner

M. No.122626 • Firm Reg. No. 105871W

Place : Mumbai

Date : 15.7.2010

For & On Behalf of Board of Director

P.S. BOHRA

CHAIRMAN

K.S. BAID

DIRECTOR

GAURAV MERCANTILES LIMITED

GAURAV MERCANTILES LIMITED

Regd. Office : 310 Gokul Arcade-B, Subhash Road, Vile Parle (East), Mumbai - 400 057.

ATTENDANCE SLIP

(Admission restricted to members/proxies only)

Ledger Folio No.

No. of Shares held

I hereby record my presence at the TWENTY FIFTH ANNUAL GENERAL MEETING held at 10 a.m. on Saturday the 14th August, 2010 at 310 Gokul Arcade-B, Subhash Road, Vile Parle (East), Mumbai - 400057.

Name of Shareholder (in Block Letters) :

Signature of Shareholder :

Name of Proxy (in Block Letters) :

Signature of Proxy :

GAURAV MERCANTILES LIMITED

Regd. Office : 310 Gokul Arcade-B, Subhash Road, Vile Parle (East), Mumbai - 400 057.

Ledger Folio No.

No. of Shares held

PROXY FORM

I/We.....

of.....in the district of.....

being a shareholder/s of the above named Company and entitled to vote here by appoint

.....of.....

.....in the district of.....or failing him/her

.....of.....

in the district of.....my/our proxy to vote for me/us on my/our behalf at the Twenty

Fifth Annual General Meeting of the Company to be held on Saturday the 14th August, 2010 at 310

Gokul Arcade-B, Subhash Road, Vile Parle (E), Mumbai - 57. and at any adjournment thereof.

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



Signature (s).....

Note : This Proxy Form must be lodged at the Registered Office of the Company, not less than 48 hours before the time for aforesaid meeting..