

**26TH
ANNUAL REPORT
2010-2011**

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PMC

Priti Mercantile Company Limited

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Raman Kumar

REGISTERED OFFICE

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

CORPORATE OFFICE

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

STATUTORY AUDITORS

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

SHARE TRANSFER AGENT

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

PRINCIPAL BANKERS

HDFC Bank Ltd.
Bank of Baroda
ICICI Bank Limited
The Royal Bank of Scotland N.V.

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PRITI MERCANTILE COMPANY LIMITED

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of **PRITI MERCANTILE COMPANY LIMITED** will be held on Thursday, the 30th day of June, 2011 at 10.30 A.M. at the Registered Office of the Company at 10-B, VIP Colony, Civil Lines, Rampur - 244901 (U.P.) to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, the Profit & Loss Account for the year ended on that date, together with reports of the Directors' and the Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Mrs. Rekha Modi Director of the Company who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. D. K. Gupta Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors' of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. M.M. Goyal & Co., Chartered Accountants the retiring Statutory Auditors are eligible for re-appointment.

By Order of the Board
For PRITI MERCANTILE COMPANY LIMITED

Place : New Delhi
Date : 23.05.2011

(RAMAN KUMAR)
Company Secretary

NOTES:

1. Member entitled to attend and vote at the meeting and is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company.
2. Corporate members intending to send their authorised representative to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
3. Members are requested to bring their attendance slip along with the copy of Annual Reports at the Meeting.
4. The Instruments appointing a proxy should however be deposited at the registered office of the company not less than 48 Hours before the commencement of the meeting.
Inspection of documents: All materials documents relating to the aforesaid items of the agenda of the notice are available for inspection by the members at the Regd. Office of the company on any working day between 11:00 AM to 01:00 PM prior to the date of meeting.
5. The Shares Transfer Book and Members Register of the Company will remain closed from 20th June, 2011 to 30th June, 2011 (both days inclusive) in terms of the provision of Section 154 of the Companies Act, 1956.

PRITI MERCANTILE COMPANY LIMITED

6. The dividend, if declared at the meeting, will be paid on or before 29th July, 2011 to those Members or their mandates:
 - (a) whose names appear at the end of the business hours on 19th June, 2011 in the list of Beneficial Owners to be furnished by Depositories (NSDL and CDSL) in respect of the shares held in dematerialised form; and
 - (b) Company's Register of Members after giving effect to valid share transfer requests in physical form lodged with Registrar & Share Transfer Agent (RTA) of the Company on or before 19th June, 2011.
7. Brief resume of all Directors proposed to be appointed, nature of their expertise in specific functional area, name of companies in which they hold directorships and memberships/Chairmanships of Board of Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are provided in the report on Corporate Governance forming part of the Annual Report.
8. The shareholders 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 LIMITED

DIRECTORS' REPORT

To,

The Shareholders,

PRITI MERCANTILE COMPANY LIMITED

Your Directors have pleasure in presenting the Twenty Sixth Annual Report along with the Audited Accounts of your Company for the year ended on 31st March 2011.

FINANCIAL HIGHLIGHTS

	Year ended 31.03.11	Year ended 31.03.10
Gross Income	74,341,660	42,399,661
Total Expenditure	59,084,573	29,168,882
Net Profit for the year	15,257,087	13,230,779
Less: Provision for Tax	3,965,085	2,258,571
Profit after Tax	11,292,002	10,972,208
Less/Add: Deferred Tax Liabilities/Assets	(10,429)	1,993
	11,281,573	10,974,201
Profit brought from previous year	15,760,905	10,657,278
Profit available for Appropriation	27,042,478	21,631,480
Proposed/Interim Dividend	8,917,800	5,017,800
Tax on Proposed/Interim Dividend	1,446,690	852,775
Balance Carried to Balance Sheet	16,677,988	15,760,905

DIVIDEND

Keeping in view the improved performance of your Company during the year 2010-11, your Directors recommend a dividend of 10% i.e Re. 1/- per equity share for the financial year 2010-11.

PERFORMANCE, RESULTS & BUSINESS

Your Directors are pleased to inform you that your company has achieved spectacular growth in turnover & profit. The resources of the company were optimally utilised to maximise the returns with minimise risk. The proactive & pragmatic approach of the company has reflected in the results.

Your Company continues to get good assignments in the field of financial services. During the year, your company earned a gross income of Rs. 62.15 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 focused on the retail / inter-corporate loan segment as in earlier year, new loans during the year amounted to Rs. 4520 lacs as against Rs. 2828 lacs for the previous year.

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

NBFC REGISTRATION

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

PRITI MERCANTILE COMPANY LIMITED

PUBLIC DEPOSITS

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

DEMATERILISATION OF SHARES

Your Company has connectivity with NSDL & CDSL for dematerilisation of its equity shares. The ISIN no. INE 793G01019 has been allotted for the company. Therefore, the member and/ or investors may keep their share holding in the electronic mode with their Depository Participates.

DIRECTORS

Mrs. Rekha Modi & Mr. D. K. Gupta, Directors of the Company retire by rotation, being eligible offers themselves for re-appointment. The Board of Directors recommends their re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to the material departure.
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2011 and of the profit of the company for the year ended on that date.
3. The Directors had taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a "going concern" basis.

AUDITORS

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

AUDITORS REPORTS

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

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

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

PRITI MERCANTILE COMPANY LIMITED

PERSONNEL

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

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

LISTING INFORMATION

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

Further the Company has made an application to Bombay Stock Exchange Limited for direct listing of its equity shares and the same is in process.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchange, the Cash Flow Statement for the year ended 31 March 2011 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 place on record their appreciation of the contributions made by the employees at all levels, for achieving better results. The Directors also wish to thank customers, banks, etc. for their continued support. Finally your Directors would like to express their sincere & whole hearted gratitude to all of you for your faith in us in your corporation & never failing support.

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

Place : New Delhi
Date : 23.05.2011

(R. K. MODI)
Managing Director

(D. K. GUPTA)
Director

PRITI MERCANTILE COMPANY LIMITED

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 objects 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 2010 - 11, the Board met 6 (Six) times (as against the minimum requirement of four meetings) on the following dates, namely:-

April 30, 2010, July 31, 2010, August 30, 2010, October 30, 2010, January 19, 2011, and March 26, 2011.

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)	6	Yes
02.	Mrs. Rekha Modi	Director (Non-Executive)	6	Yes
03.	Sh. D. K. Gupta	Director (Independent)	6	Yes
04.	Sh. Pramod Gupta	Director (Independent)	6	Yes
05.	Sh. V. B. Aggarwal	Director (Independent)	6	Yes

PRITI MERCANTILE COMPANY LIMITED

Particulars of Directors:

Directors seeking re-appointment :

Mrs. Rekha Modi : Mrs. Rekha Modi has over 11 years of experience in Legal Matters relating to financial & capital markets.

Mr. D. K. Gupta : Mr. D.K. Gupta has over 10 years of experience in Marketing in field of financial sector and capital markets.

Name of the Directors	Mrs. Rekha Modi	Mr. D. K. Gupta
Date of Birth	7th Feb. 1970	1st Apr. 1970
Age	41 years	41 Years
Date of Appointment	17.12.2009	27.01.2003
Experience in Specified Functional area	Experience in Legal Matters	Experience in Capital Market & Financial Products
No. of Shares Held in the Co.	160000 Equity Shares	21600 Equity Shares
Qualification	B.A, LL.B.	B.Com
List of other companies in which associated as director	- RRP Management Services Pvt. Ltd. - Prabhat Management Services Pvt. Ltd.	NIL
Chairman Membership of the Committee of the Board of other Companies in which associated as Director.	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

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

All Board Members and Senior Management Team have affirmed compliance of code of conduct as on 31.03.2011 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 various risks involved and has initiated corrective action for mitigating/managing the same. The company has also laid down procedures to inform the Board members about the risk assessment and procedures for minimising the same.

PRITI MERCANTILE COMPANY LIMITED

6. Audit Committee

A) Composition and Meeting of the Audit Committee:

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

During the financial year 2010-11, meetings of the Audit Committee were held 5 (Five) times i.e. on April 30, 2010, July 31, 2010, August 30, 2010, October 30, 2010 and January 19, 2011.

Name of Chairman/ Member	Meetings held	Meeting Attended
Sh. D. K. Gupta	5	5
Sh. V. B. Aggarwal	5	5
Sh. Pramod Gupta	5	5

B) Powers of Audit Committee

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

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

C) Role of Audit committee

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

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

PRITI MERCANTILE COMPANY LIMITED

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 2011 to the Directors are as follows:

Sl. No.	Name of the Directors	Amount in Rs.
1.	Sh. R. K. Modi	30000.00
2.	Sh. D. K. Gupta	46000.00
3.	Sh. V. B. Agarwal	46000.00
4.	Sh. Pramod Gupta	46000.00
5.	Mrs. Rekha Modi	30000.00

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 (India) Ltd. (CDSL) certify the total issued and listed capital. The secretarial audit report confirms that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of shares held in dematerialised form with NSDL/CDSL.

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 2010-11, meetings of the Shareholders Grievance Committee were held 2 (Two) times i.e. on August 30, 2010 and March 26, 2011.

Name of Chairman/ Member	Meetings held	Meeting Attended
Sh. D. K. Gupta	2	2
Sh. V. B. Aggarwal	2	2
Sh. Pramod Gupta	2	2

No complaint were pending at the end of the year.

10. General Body Meetings

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

Financial year	Date	Time	Place
2007-2008 (AGM)	27.09.2008	11.30 A.M.	B/10, VIP Colony, Civil Lines, Rampur (U.P.)
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
2009-2010 (AGM)	30.08.2010	10.30 A.M.	Same as above

PRITI MERCANTILE COMPANY LIMITED

Special Resolutions passed at the last 4 (Four) AGMs/EGM :

Financial year	Items
2007-2008	Nil
2008-2009	Two
2009-2010 (EGM)	One
2009-2010	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.
- Authorisation to the company for listing of equity shares with The Bombay Stock Exchange Ltd. was passed in the A.G.M held on 30.08.2010.

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.

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

The Company has not issued GDRs/ADRs etc. There was no outstanding warrants as on 31-03-2011.

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 Ltd., Kanpur, during the year 2010-11.

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, 2011 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.

PRITI MERCANTILE COMPANY LIMITED

16. GENERAL SHAREHOLDER INFORMATION

16.1 Annual General Meeting	
Date and Time	June 30, 2011 at 10.30 A.M.
Venue	B/10, VIP Colony, Civil Lines, Rampur (U.P.)
16.2 Financial Year (2011-12)	
Annual General Meeting For the next year ending 31st March, 2012	Before September 30, 2012
16.3 Book Closure date	20.06.11 to 30.06.11
16.4 Dividend Payment date	29.07.2011
16.5 Listing of Equity Shares on Stock Exchange at	U. P. Stock Exchange Ltd., Kanpur
16.6 Stock Code	
ISIN Number (NSDL/CDSL)	Equity Shares INE 793G01019
16.7 Registrar and Share Transfer Agent	INDUS PORTFOLIO 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.

16.9 Categories of Shareholders as on 31st March, 2011

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	39,05,000	43.789
b. Indian Public	35,78,000	40.122
c. Non Resident Indians/Overseas	—	—
Sub Total (B)	74,83,000	83.911
G.TOTAL (A+B)	89,17,800	100.000

PRITI MERCANTILE COMPANY LIMITED

16.10 Distribution of shareholding as on 31st March, 2011

Distribution	No .of Share holders	% of Shareholders	No of Shares	% of Shareholding
Upto 100	170	33.73	17000	0.19
101 - 500	150	29.76	40000	0.45
501 - 1000	0	0.00	0	0.00
1001 - 5000	39	7.74	183100	2.05
5001 - 10000	61	12.10	572000	6.41
10001 - 20000	36	7.14	670000	7.51
20001 - 30000	17	3.37	463100	5.19
30001 - 40000	7	1.39	270100	3.03
40001 - 50000	8	1.59	361000	4.05
50001 - 100000	5	0.99	355000	3.98
100001 - 500000	9	1.79	3386500	37.97
above 500000	2	0.40	2600000	29.16
	504	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 31.03.2011, the status of dematerialisation of equity shares of the Company was as under:

S.No. Particulars	Shareholders		Shareholding	
	(In Nos.)	(In %)	(In Nos.)	(In %)
1. NSDL	128	25.40%	7598500	85.20%
2. CDSL	14	2.78%	290500	3.26%
3. Physical	362	71.82%	1028800	11.54%
Total	504	100.00%	8917800	100.00%

16.12 Address for Correspondence:

Share Transfer and Demat

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

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

Any query on Annual Report:

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

PRITI MERCANTILE COMPANY LIMITED

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 LIMITED

DECLARATION

To,
The Members of
Priti Mercantile Company Ltd.

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

I hereby declare that all the Directors and the designated personnel in the senior Mangement of the Company have affirmed compliance with their respective codes for the financial year ended 31st March, 2011.

For Priti Mercantile Company Ltd.

Place : New Delhi
Date : 23.05.2011

R. K. Modi
Managing Director

To,
The Members of
Priti Mercantile Company Ltd.

Re: Financial Statements for the year ended 31st March, 2011 - 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, 2011 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 : 23.05.2011

R. K. Modi
Managing Director

PRITI MERCANTILE COMPANY LIMITED

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, 2011 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: 23.05.2011

(MANMOHAN GOYAL)
Partner
M.No. 86085

PRITI MERCANTILE COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ECONOMIC OUTLOOK

The long-term fundamentals of the Indian economy continue to be strong due to rising incomes and large investments. These growth drivers are expected to sustain over a long period of time. At the same time, there are some concerns due to uncertain global economic environment and slow recovery in developed markets.

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). We believe that we are well placed to leverage on the growth opportunities in the economy.

FINANCIAL PERFORMANCE

The Company has achieved a turnover of Rs. 7.43 Crores during the year with net profitability of Rs. 1.52 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 markets. Besides continuing aggressively in the existing growth areas, there are certain specific initiatives that we would like to highlight which the company would be undertaking in the financial year 2011-12. 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 & liaison 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.
- Increased securitization.
- Focus on selling new product/services.

PRITI MERCANTILE COMPANY LIMITED

Threats

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

RISK MANAGEMENT

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

HUMAN RESOURCES / INDUSTRIAL RELATIONS

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

CAUTIONARY STATEMENT

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

PRITI MERCANTILE COMPANY LIMITED

AUDITORS REPORT

To,

The Shareholders

Priti Mercantile Company Limited

Rampur (U.P.)

1. We have audited the attached Balance Sheet of Priti Mercantile Company Limited as at 31st March, 2011 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 2011 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, 2011; 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 Flows for the year ended on that date.

For M. M. GOYAL & CO.
Chartered Accountants
Firm Registration No.007198N

Place : New Delhi
Dated: 23.05.2011

(MANMOHAN GOYAL)
Partner
M.No. 86085

PRITI MERCANTILE COMPANY LIMITED

ANNEXURE TO THE AUDITORS REPORT

1. (a) The Company has maintained proper records showing full particular including quantative 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/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 (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) (d) 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. 2010-11.
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 LIMITED

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, debentures 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. 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
Firm Registration No.007198N

Place : New Delhi
Dated : 23.05.2011

(MANMOHAN GOYAL)
Partner
M.No. 86085

PRITI MERCANTILE COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS :			
Shareholders Funds			
Share Capital	1	89,178,000.00	89,178,000.00
Reserves & Surplus	2	169,164,988.16	168,247,905.38
		<u>258,342,988.16</u>	<u>257,425,905.38</u>
Loan Funds			
Secured Loan	3	7,961,721.95	259,674.98
Unsecured Loan	4	206,702,167.00	106,500,000.00
Deffered Tax Liabilities		14,883.00	4,454.00
		<u>214,678,771.95</u>	<u>106,764,128.98</u>
		<u>473,021,760.11</u>	<u>364,190,034.36</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,298,230.00	943,715.00
Less: Accumulated Depreciation		492,737.00	284,229.00
Net Block		<u>1,805,493.00</u>	<u>659,486.00</u>
Investments	6	39,500,000.00	109,557,500.00
Current Assets Loans & Advances			
Inventories	7	9,110,498.47	1,474,129.83
Sundry Debtors	8	—	1,365,989.45
Cash & Bank Balances	9	10,559,578.14	4,339,886.58
Loans & Advances	10	554,995,357.50	394,100,133.50
		<u>574,665,434.11</u>	<u>401,280,139.36</u>
Less: Current Liabilities & Provisions	11	143,115,417.00	147,497,091.00
Net Current Assets		431,550,017.11	253,783,048.36
Miscellaneous Expenditure	12	166,250.00	190,000.00
		<u>473,021,760.11</u>	<u>364,190,034.36</u>
NOTES TO FINANCIAL STATEMENTS	16		

Schedules referred to above forms an integral part of the Financial Statements

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 : 23.05.2011

(RAMAN KUMAR)
Company Secretary

PRITI MERCANTILE COMPANY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULE	31-03-2011	31-03-2010
INCOME			
Sale of Shares, Securities & Commodities		27,640,020.56	22,089,684.96
Interest		32,728,464.02	17,164,006.00
Brokerage/Commission Recd.	13	6,215,400.00	13,174,610.00
Dividend		3,305.00	2,248.80
Profit on Sale of Long Term Investment		—	7,104,265.10
Profit / Loss on Dealing in Commodities		—	(5,005,529.06)
Profit / Loss on Dealing in Cash Market		—	47,453.48
Profit / Loss on Dealing in Speculation		6,812.15	—
Profit / Loss on Dealing in Future & Option		111,289.70	(6,494,144.98)
Increase / Decrease in Stock	14	7,636,368.64	(5,682,932.35)
TOTAL		74,341,660.07	42,399,661.95
EXPENDITURE			
Purchase of Shares, Securities & Commodities		42,582,404.43	25,072,020.99
Salaries		3,169,726.00	2,644,144.00
Rent & Electricity Charges		218,050.00	143,500.00
Professional Charges		97,900.00	48,000.00
Board Meeting Fees		198,000.00	140,000.00
Auditor's Remuneration		34,193.00	34,193.00
Depreciation		208,508.00	107,803.00
Other Expenses	15	12,515,830.86	896,594.11
Security Transaction Tax		36,211.00	58,877.00
Miscellaneous Expenses W/O		23,750.00	23,750.00
TOTAL		59,084,573.29	29,168,882.10
Profit before Tax		15,257,086.78	13,230,779.85
Provision for Taxation	3,056,368.00	—	2,248,571.00
Provision for Fringe Benefit Tax (2008-09)	—	—	10,000.00
Provision for Earlier Year Taxes	908,717.00	3,965,085.00	—
Profit after Tax		11,292,001.78	10,972,208.85
Add/Less:Deffered Tax Assets / Liability		(10,429.00)	1,993.00
		11,281,572.78	10,974,201.85
Brought forward Profit from last year		15,760,905.38	10,657,278.53
Profit Available for Appropriation		27,042,478.16	21,631,480.38
Proposed/Interim Dividend		8,917,800.00	5,017,800.00
Tax on Proposed/Interim Dividend		1,446,690.00	852,775.00
Balance Carried to Balance Sheet		16,677,988.16	15,760,905.38
Earning Per share		1.26	1.23
NOTES TO FINANCIAL STATEMENTS	16		

Schedules referred to above forms an integral part of the Financial Statements

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 : 23.05.2011

(R. K. MODI)
MANAGING DIRECTOR

(REKHA MODI)
DIRECTOR

(D. K. GUPTA)
DIRECTOR

(RAMAN KUMAR)
Company Secretary

PRITI MERCANTILE COMPANY LIMITED

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

	31-03-2011	31-03-2010
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
10000000 Equity Shares of Rs. 10/- Each (Previous Year 10000000 Equity Shares 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) Previous Year 8917800 Equity Shares of Rs.10/- each fully paid in cash)	<u>89,178,000.00</u>	<u>89,178,000.00</u>
SCHEDULE - 2		
RESERVES & SURPLUS		
Profit & Loss A/c	<u>16,677,988.16</u>	15,760,905.38
Share Premium	<u>152,487,000.00</u>	<u>152,487,000.00</u>
	<u>169,164,988.16</u>	<u>168,247,905.38</u>
SCHEDULE - 3		
SECURED LOAN		
Car Loan (Tata Capital Ltd.) (Secured by hypothecation of Motor Car)	<u>81,994.00</u>	259,674.98
OD - ICICI Bank (Secured by hypothecation of FDR)	<u>7,879,727.95</u>	—
	<u>7,961,721.95</u>	<u>259,674.98</u>
SCHEDULE - 4		
UNSECURED LOAN		
From Body Corporates	<u>191,702,167.00</u>	106,500,000.00
Others	<u>15,000,000.00</u>	—
	<u>206,702,167.00</u>	<u>106,500,000.00</u>
SCHEDULE - 5		
FIXED ASSETS		

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	BAL. AS ON 1-4-10	ADD.	BAL AS ON 31-3-11	BAL. AS ON 1-4-10	DURING THE YEAR	BAL AS ON 31-3-11	AS ON 31-3-11	AS ON 31-3-10
COMPUTER	92675.00	51800.00	144475.00	72352.00	49040.00	121392.00	23083.00	20323.00
MOBILEPHONE	57550.00	16200.00	73750.00	1736.00	8669.00	10405.00	63345.00	55814.00
CAR	792000.00	988815.00	1780815.00	209796.00	111674.00	321470.00	1459345.00	582204.00
ELECTRIC EQUIP.	1490.00	37000.00	38490.00	345.00	3705.00	4050.00	34440.00	1145.00
FURNITURE & FIXTURE	—	260700.00	260700.00	—	35420.00	35420.00	225280.00	—
TOTAL	943715.00	1354515.00	2298230.00	284229.00	208508.00	492737.00	1805493.00	659486.00

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 LIMITED

	31-03-2011	31-03-2010
SCHEDULE - 6		
INVESTMENTS		
UNQUOTED		
Ahinsha Builder Pvt. Ltd	5,000,000.00	—
All Seasons Market Pvt. Ltd.	1,000,000.00	—
Angad Estates Pvt. Ltd.	3,000,000.00	—
EPS Finvest Pvt. Ltd.	2,000,000.00	—
GMP Healthcare Pvt. Ltd.	2,500,000.00	—
Gold Square Builders & Promoters Pvt. Ltd.	500,000.00	—
Paramhans Garments Pvt. Ltd.	2,000,000.00	—
Ready Roti India Pvt. Ltd.	10,000,000.00	—
Reliance Tableware Pvt. Ltd.	1,500,000.00	—
SVS Portfilio Pvt. Ltd.	2,000,000.00	—
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	5,000,000.00
Galogotia Software Pvt. Ltd.	5,000,000.00	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
Kavin Metpack Pvt. Ltd.	—	2,500,000.00
	39,500,000.00	109,557,500.00

PRITI MERCANTILE COMPANY LIMITED

SCHEDULE - 7 INVENTORIES

Name of the Company	Face Value	No. of Shares	As at 31.03.2011	No. of Shares	As at 31.03.2010
QUOTED					
BRIJ LAXMI LEASING & FINANCE LIMITED	1/-	6000	1500.00	6000	2460.00
SURYA INDIA LIMITED	10/-	238125	726281.25	238125	726281.25
GLOBAL FILM & BROADCASTING LTD.	1/-	13500	165142.78	13500	165142.78
AHMED NAGAR FORGING LIMITED	2/-	6	745.80	6	745.80
SAIL	10/-	—	—	100	25180.00
PENTAFOR SOFTWARE LIMITED	10/-	200	286.00	200	1566.61
INDSWIFT LAB LIMITED	10/-	—	—	100	2840.00
MAHARASHTRA OVERSEAS LIMITED	10/-	1609	9557.46	6666	39596.04
SHALIMAR PRODUCTION LIMITED	1/-	—	—	15790	16263.70
VISAGAR FINANCIAL SERVICES LTD.	1/-	97125	8093465.18	—	—
GLORY POLYCHEM LTD.	10/-	25000	98750.00	—	—
JAIPAN INDUSTRIES LTD.	10/-	844	14770.00	94	2345.30
ASIAN TEA & INDUSTRIES LTD.	10/-	—	—	979	28048.35
HMT LTD.	10/-	—	—	2000	156500.00
PRAKASH INDUSTRIES LTD.	10/-	—	—	1000	222500.00
SATRA PROPERTIES LTD.	1/-	—	—	6000	84660.00
	TOTAL	382409	9110498.47	290560	1474129.83

31-03-2011

31-03-2010

SCHEDULE - 8 SUNDRY DEBTORS

(Unsecured Considered Goods)

More Than Six Month

Others

—	—
—	1,365,989.45
—	<u>1,365,989.45</u>

SCHEDULE - 9 CASH & BANK BALANCE

Balance with Scheduled Banks in C/A

Fixed Deposit With ICICI Bank Ltd.

Cash in Hand

93,493.01	4,305,082.90
10,000,000.00	—
466,085.13	34,803.68
<u>10,559,578.14</u>	<u>4,339,886.58</u>

PRITI MERCANTILE COMPANY LIMITED

	31-03-2011	31-03-2010
SCHEDULE 10		
LOANS & ADVANCES		
Loans including Interest	452,076,711.00	282,784,691.00
Advances (Recoverable in Cash or in Kind or for value to be recd.)	91,968,294.50	101,261,389.50
Share Application Money Paid	10,700,000.00	10,000,000.00
Advance Income Tax/ TDS	243,447.00	47,148.00
Fringe Benefit Tax Refundable	6,905.00	6,905.00
	<u>554,995,357.50</u>	<u>394,100,133.50</u>
SCHEDULE 11		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	—	22,875,644.00
(Due to creditor other than micro & small enterprise)		
Advances	130,300,000.00	123,297,500.00
Unpaid Dividend	—	18,200.00
(Dividend for the financial year 2010-11 Interim Dividend declared on 14.01.2010)		
Total (A)	<u>130,300,000.00</u>	<u>146,191,344.00</u>
PROVISIONS		
Proposed Dividend	8,917,800.00	—
Tax On Proposed Dividend	1,446,690.00	—
Provision for Income Tax	—	10,269.00
TDS Payable	1,030,737.00	7,776.00
Expenses Payable	1,420,190.00	1,287,702.00
Total (B)	<u>12,815,417.00</u>	<u>1,305,747.00</u>
Total (A+B)	<u>143,115,417.00</u>	<u>147,497,091.00</u>
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE		
Share Issue Expenses	190,000.00	213,750.00
(To the extent not written off)		
Less: Share Issue Exp. W/O	23,750.00	23,750.00
	<u>166,250.00</u>	<u>190,000.00</u>
SCHEDULE 13		
BROKERAGE / COMMISSION RECD.		
Advisory Fees	4,000,000.00	1,603,860.00
Arranger Fees	1,800,000.00	2,406,250.00
Brokerage from distribution operation	415,400.00	1,164,500.00
Net result in purchase & sale of Bonds	—	8,000,000.00
	<u>6,215,400.00</u>	<u>13,174,610.00</u>

PRITI MERCANTILE COMPANY LIMITED

	31-03-2011	31-03-2010
SCHEDULE 14		
INCREASE/DECREASE IN STOCK		
Opening Stock of Shares	1,474,129.83	7,157,062.18
Closing Stock of Shares	<u>9,110,498.47</u>	<u>1,474,129.83</u>
	<u>7,636,368.64</u>	<u>(5,682,932.35)</u>
 SCHEDULE 15		
OTHER EXPENSES		
Bank Charges	37,750.70	39,780.50
Demat Charges	665.54	2,097.14
Legal Charges	—	10,000.00
Roc Filling Fees	20,875.00	3,000.00
Listing Fees	14,750.00	14,750.00
Misc. Expenses	21,237.64	38,918.95
Advertisement Expenses	39,063.00	—
Interest Paid To Bank	7,277.00	42,897.00
Interest On Loan	10,224,630.00	—
Commission Paid	950,000.00	—
Certification Charges	98,532.00	50,568.00
Finance Charges	26,379.02	50,348.35
Computer Maintance	16,275.00	5,200.00
Motor Car Expenses	281,856.38	138,491.59
Office Expenses	150,482.00	84,675.75
Books & Periodical	30,419.00	25,841.00
Postage & Courier	100,713.00	71,774.00
Printing & Stationery	112,946.00	75,967.50
Telephone Expenses	70,512.58	61,164.83
Travelling Expenses	171,811.00	87,674.50
Stock Exchange Expenses	27,575.00	18,441.00
General Meeting Expenses	45,680.00	—
Share Transfer Charges	10,148.00	58,459.00
NSDL Custody Charges	17,648.00	16,545.00
CDSL Custody Charges	38,605.00	—
	<u>12,515,830.86</u>	<u>896,594.11</u>

PRITI MERCANTILE COMPANY LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

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 make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

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

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

PRITI MERCANTILE COMPANY LIMITED

8. BROKERAGE/COMMISSION INCOME:

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

9. INCOME FROM INVESTMENTS:

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

10. MISCELLANEOUS EXPENDITURE:

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

11. TAXATION:

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

12. IMPAIRMENT OF ASSETS:

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

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

(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 Liabilities.
- Service Tax Payable 13,88,092/-
4. There are no amounts payable to any micro enterprises & small enterprises as identified by management from the information available with the company & relied upon by auditor.

PRITI MERCANTILE COMPANY LIMITED

5. 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	1,80,000/-
	b) Legal Charges	NIL
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. 5,00,00,000/- Cr. 12,80,50,000/- Dr. 7,80,50,000/- Cr. Cl. NIL
	b Prabhat Management Services Pvt. Ltd.	Op. 1,28,50,000/- Cr. 2,93,00,000/- Dr. 1,64,50,000/- Cr. Cl. NIL

(C) Related parties are identified by the management & relied upon by the Auditor.

(D) No balance in respect of related parties have been written off.

6. Documents of Car No. DL 3C BA 2675 of the company are in the name of Sh. R.K. Modi director of the company.
7. Balance Sheet Abstract and Company's General Business Profile.
8. 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.
9. **Deferred Tax (Net)**

	Deferred tax Liab. As at 31.03.2010	Current Year Deferred Tax Liab.	Deferred tax Liab. As at 31.03.2011
(Difference between book and tax Depreciation)	4454.00	10429.00	14883.00

10. Director's Remuneration Rs.Nil.
11. 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.

PRITI MERCANTILE COMPANY LIMITED

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

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

14. Payment to auditors:	Current Year	Previous Year
- Audit Fees	34193.00	34193.00
- Certification Charges	48532.00	43568.00
	<u>82725.00</u>	<u>77761.00</u>

15. Earning per share (EPS) as per Accounting Standard - 20

	Current Year	Previous Year
Net Profit after Current Taxes	11292001	10972209
Weighted average number of equity shares of Rs.10 each as on 31.03.11	8917800	8917800
EPS (Rs.) - Basis	1.26	1.23

16. Payment of Dividend

Dividend is paid under three modes viz:

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

17. 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	290560	1474129.83
(Previous Year)	493462	7157062.18
Purchases	357203	42582404.43
110 MT		
(Previous Year)	106925	25072020.99
Sales	335454	27640020.56
110 MT		
(Previous Year)	309827	22089684.96
Closing Stock	382409	9110498.47
(Previous Year)	290560	1474129.83

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 : 23.05.2011

(RAMAN KUMAR)
Company Secretary

PRITI MERCANTILE COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011

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

	(Rs.)	(Rs.)
	As on 31-03-2011	As on 31-03-2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extra-ordinary items	15,257,087	13,230,780
Adjustments for:		
Depreciation	208,508	107,803
Misc. Expenditure W/Off	23,750	23,750
Operating Profit Before Working Capital Changes	15,489,345	13,362,333
Adjustments for Working Capital Changes:		
Trade Receivables	1,365,989	10,626,987
Inventories	(7,636,369)	5,682,933
Loans & Advances	(160,895,224)	(175,080,368)
Current Liabilities	(4,381,674)	(51,674,484)
Cash Generated from Operations	(156,057,933)	(197,082,599)
Taxes Paid / Provided	(3,965,085)	(2,258,571)
Proposed Dividend	(8,917,800)	(5,017,800)
Dividend Tax	(1,446,690)	(852,775)
Cash Flow Before Extraordinary Items	(170,387,508)	(205,211,745)
Net Cash From Operating Activities (A)	(170,387,508)	(205,211,745)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase/ Sale of Investments	70,057,500	25,264,083
Purchase of Fixed Assets	(1,354,515)	(54,200)
Share Issue Expenses	—	—
Net Cash from Investing Activities (B)	(101,684,523)	(180,001,862)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital	—	156,000,000
Proceeds from Long Term Borrowings:	—	—
Secured Loans	7,702,047	(153,712)
Unsecured Loans	100,202,167	16,000,000
Deferred Tax Liability	—	—
Net Cash from Financing Activities (C)	107,904,214	171,846,288
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	6,219,691	(8,155,574)
Closing Balance of Cash & Cash Equivalents	10,559,578	4,339,887
Less: Opening Balance of cash & Cash Equivalents	4,339,887	12,495,462
Net Increase / (Decrease) in Cash & Cash Equivalents	6,219,691	(8,155,575)

FOR AND ON BEHALF OF THE BOARD

(R. K. MODI)
MANAGING DIRECTOR

(REKHA MODI)
DIRECTOR

(D. K. GUPTA)
DIRECTOR

Place : New Delhi
Date : 23.05.2011

(RAMAN KUMAR)
Company Secretary

PRITI MERCANTILE COMPANY LIMITED

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Priti Mercantile Company Limited for the year ended March 31, 2011 derived from audited financial statements, prepared by the Company in accordance with Clause 32 of the Listing Agreement with the Stock Exchange and found the same in accordance therewith.

For M. M. GOYAL & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 23.05.2011

(MAN MOHAN GOYAL)
Partner
M.No. 86085

PRITI MERCANTILE COMPANY LIMITED

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

(A) REGISTRATION DETAILS :		
CIN	:	L27109UP1985PLC006998
State Code :	:	20
Balance Sheet Date	:	31st March, 2011
(B) CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. '000)		
Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL
(C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. '000)		
Total Liabilities	:	473021
Total Assets	:	473021
SOURCES OF FUNDS :		
Paid up Capital	:	89178
Reserve & Surplus	:	169164
Secured Loans	:	7961
Unsecured Loans	:	206702
Deferred Tax Liability	:	14
APPLICATION OF FUNDS :		
Net Fixed Assets	:	1805
Investments	:	39500
Net Current Assets	:	431550
Misc.Expenditure	:	166
Accumulated Losses	:	NIL
(D) PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. '000)		
Total Income	:	74341
Total Expenditure	:	59084
Profit/(Loss) Before Tax	:	15257
Profit/(Loss) After Tax	:	11292
Earning per share (Rs.)	:	1.26
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 : 23.05.2011

(RAMAN KUMAR)
Company Secretary

PRITI MERCANTILE COMPANY LIMITED

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

ATTENDANCE SLIP

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

#FOLIO NO.....

#NO OF SHARES HELD.....

CLIENT ID.

NAME OF THE MEMBER.....

(in block letters)

NAME OF PROXY.....

(if any)

I hereby record my presence at the 26th Annual General Meeting of the company held on Thursday, 30th June, 2011.

.....
Signature of the Member/Proxy

#ADMISSION SLIP WITHOUT THIS INFORMATION WILL NOT BE ACCEPTED

PRITI MERCANTILE COMPANY LIMITED

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

PROXY FORM

FOLIO NO.

NO. OF SHARES HELD

CLIENT ID.

I/Weof.....in the district of.....being member/
members of the above named company hereby appoint.....of failing
him/her.....of.....in the district of.....as my/our proxy to
attend and vote for me/us our behalf at the 26th Annual General Meeting of the company to held on
Thursday, 30th June, 2011 at 10.30 a.m. at Regd. Office and any adjournment thereof.

Signed this.....day of.....2011.

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.

PRITI MERCANTILE COMPANY LIMITED
Regd. Off. : B-10, VIP Colony, Civil Lines,
Rampur - 244901 (U.P.)