

NIVEDITA MERCANTILE AND FINANCING LIMITED

28TH ANNUAL REPORT

2012-2013

BOARD OF DIRECTORS

Shri Rajesh Kumar Mundra
Shri Hiten Shah
Shri Asim Santara

AUDITORS

Bagaria & Co.
Chartered Accountants, Mumbai

BANKERS

Kotak Mahindra Bank Ltd.

R & T AGENT

M/s Adroit Corporate Services Private Limited
1st Floor, 19/20, Jaferbhoy Industrial Estate
Makwana Road, Marol Naka
Mumbai- 400 059

REGISTERED OFFICE

5th Floor, Sunteck Centre, 37-40, Subhash Road,
Vile Parle (East), Mumbai-400057.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of Nivedita Mercantile and Financing Limited will be held on Friday, 27th September, 2013 at 5.00 p.m. at MIG Club, M.I.G Colony, Bandra (East), Mumbai 400051 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2013 and the Profit and Loss Account for the year ended on that date along with the Schedules thereon, the Cash Flow Statement, along with the Report of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Hiten Shah, Director who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s Bagaria & Co., Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board to finalize the remuneration.

SPECIAL BUSINESS:

5. Appointment of Mr. Rajesh Kumar Mundra as a Director of the Company:

To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT Mr. Rajesh Kumar Mundra, who was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956 with effect from 10th November, 2012 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- (Rupees Five Hundred Only) as required under the Act, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

NOTES:

1. **MEMBERS ENTITLED TO ATTEND AND VOTE ARE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.**
2. Proxies in order to be effective, should be duly completed stamped and signed, and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.
3. Members are requested to notify immediately any changes in their address.
4. Members are requested to bring their copy of the Annual Report to the Meeting.
5. Register of members and share transfer books will be closed from Tuesday, 24th September, 2013 to Friday, 27th September, 2013 (both days inclusive).

6. The dividend, if declared, will be paid to those members whose name appears in the register of members as on 24th September, 2013.

For and on Behalf of the Board

Mumbai: 30th May, 2013

Sd/-

Director

Registered Office:
5th Floor, Sunteck Centre,
37-40, Subhash Road,
Vile Parle (East),
Mumbai 400

Explanatory Statement Pursuant to section 173(2) of the companies Act, 1956, in respect of Special business set out in Notice:

Item No. 5

The Board of Directors of the Company had appointed Mr. Rajesh Kumar Mundra, as an Additional Director under section 260 of the Companies Act, 1956 (the Act) on 10th November, 2012 to hold office till the ensuing Annual General Meeting. The Company has received a notice u/s 257 of the Act from a member proposing Mr. Rajesh Kumar Mundra, to be appointed as a Director of the Company.

Mr. Rajesh Kumar Mundra is a Chartered Accountant, Cost Accountant and Company Secretary with 16 years of experience. His experience includes various roles in Corporates like Jaicorp Limited, Adventity Global Services Limited, Birla Insurance advisory services Ltd (Part of Aditya Birla Group) and ACC Ltd.

The Board of Directors recommends the resolution under Item No. 5 of the Notice of the Annual General Meeting for approval of members.

None of your Directors are interested in the said resolution except Mr. Rajesh Kumar Mundra.

For and on Behalf of the Board

Mumbai: 30th May 2013

Sd/-

Director

Registered Office:
5th Floor, Sunteck Centre,
37-40, Subhash Road,
Vile Parle (East),
Mumbai 400

Brief Profile of Director seeking appointment/re appointment at the ensuing Annual General Meeting of the Company:

(As required under Clause 49 IV (G) of the Listing Agreement entered into with the Stock Exchanges):-

Name of Director	Mr. Rajesh Kumar Mundra	Mr. Hiten Shah
Age	42 years	49 years
Qualifications	Chartered Accountant, Cost Accountant and Company Secretary	Chartered Accountant
Date of Appointment	10 th November, 2012 (Appointed as an Additional Director)	4 th February, 2011 (Appointed as an Additional Director)
Expertise	16 years of experience in the field of Financial Market and Accounts	23 years of experience in the field of Accounting and Finance
Directorship in other Public Limited Companies as on March 31, 2013	Nil	1
Chairman/ Member of the Audit Committee as on March 31, 2013	Nil	1
Chairman/ Member of the Shareholders'/ Investors/ Grievance Committee as on March 31, 2013	Nil	Nil
No. of Shares held in the Company as on March 31, 2013	Nil	Nil

DIRECTORS' REPORT

To the Members,

Yours Directors take the privilege of presenting the 28th Annual Report and Audited Accounts for the year ended 31st March 2013 to the members of the Company.

FINANCIAL RESULTS

(Rupees in Lacs)		
Particulars	For the Year ended on 31.03.2013	For the Year ended on 31.03.2012
Total Income	1606.38	1551.17
Expenditure	1411.14	1403.28
Profit before Tax	195.24	147.88
Less: Provision for Tax	72.73	53.48
Profit after Taxation	122.51	94.40

PERFORMANCE

During the year under review, the Company has earned Total Income of Rs. **1606.38 Lacs** and earned Net Profit of Rs. **122.51 Lacs** compared to total income of Rs. **1551.17 Lacs** and Net Profit of Rs. **94.40 Lacs** in the previous year. As it is evident from the data, the Directors are pleased to inform the members that the performance of the Company has improved manifold and the Board is confident of better performance for the forthcoming year.

DIVIDEND

Your Directors have recommended a Dividend of Rs. 0.50/- per share (@ 5%). The promoters of your Company have voluntarily and irrevocably waived their entitlement to receive the dividend on equity shares for financial year 12-13. Hence, Directors have not recommended dividend on shares held by the promoter group.

FIXED DEPOSITS

During the year under review, the Company has neither invited nor accepted any fixed deposits from the public under Section 58A of the Companies Act, 1956.

DIRECTOR

Resignation: Mr. Manoj Agarwal, Director has resigned on 10th November 2012. The Board places on record its sincere appreciation for the contribution made by Mr. Agarwal.

Appointment: Mr. Rajesh Kumar Mundra was appointed on the Board as an Additional Director to hold office till the ensuing Annual General Meeting of the Company.

Re-appointment: Mr. Hiten Shah who is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

The Board of Directors recommend the re-appointment of Mr. Hiten Shah and Mr. Rajesh Kumar Mundra for your approval.

AUDITORS

M/s Bagaria and Co., Chartered Accountants, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a letter from them to the effect that their re-appointment for the financial year 2013-14, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The Board of Directors recommend the re-appointment of Statutory Auditors for the financial year 2013-14 for your approval.

DIRECTORS' EXPLANATION TO POINT 1(e) OF AUDITOR'S REPORT

The Company is taking firm steps to achieve and maintain the required Capital Adequacy Ratio (CAR) and is also taking steps to furnish to the Reserve Bank of India the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7)

PREFERENTIAL ALLOTMENT

During the current year, the Company had allotted 600,000 Equity Shares of Rs. 10/- each at a premium of Rs.54 per Share, pursuant to conversion of fully convertible warrants in to equity shares of the Company on preferential basis.

SECRETARIAL COMPLIANCE REPORT

Compliance Certificate pursuant to Section 383A (1) of the Companies Act, 1956 is attached to this Report.

CORPORATE GOVERNANCE REPORT

As required under Clause 49 of the Listing Agreement, the report on Corporate Governance is attached to this Report.

STATUTORY DISCLOSURES

- a) Particulars of the employees of the Company pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is not given as none of the employees come under the purview of these provisions.
- b) Particulars required to be furnished by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998:

- i) Part A and Part B relating to Conservation of Energy and Technology Absorption are not applicable to the Company as your Company is not a manufacturing Company.
- ii) Foreign Exchange Earning and Outgo: - The Company has neither spent nor earned any foreign exchange during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures
- b. The accounting policies have been consistently applied and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and the Profit and Loss Account of the Company for the period.
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The Directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation and gratitude for the co-operation and assistance from its shareholders, bankers, regulatory bodies and other business constituents.

Your Directors also wish to place on record their deep sense of appreciation for the contribution and commitment made by the employees.

By Order of the Board of Directors

Mumbai, 30th May 2013

**Sd/-
Chairman**

ANNEXURE TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

The report on the Corporate Governance requirements as stipulated by Clause 49 of the Listing Agreement is furnished below.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures, and enhance shareholder value without compromising in any way on compliance with Laws and Regulations.

2. BOARD OF DIRECTORS

2.1 Composition of the Board:

The composition of the Board of Directors of the Company is in conformity with Clause 49 of the Listing Agreement. The Company has a Non Executive Chairman and one half of the Board comprises of Independent Directors.

2.2 Board Meetings:

During the financial year ended 31st March 2013, the Board of Director of the Company had met five times (i.e. on 30th May, 2012, 11th August 2012, 18th September, 2012, 10th November 2012 and 11th February 2013).

The names of members of the Board of Directors, their attendance at the Board Meetings of the Company and last Annual General Meeting, number of Directorships / Committee Memberships in other companies during the period under review is given below:

Name of Director	Category	No. of Board Meetings attended during the period under review	Attendance at the last AGM held on 18 th September 2012	Number of Directorship in other public limited companies (including pvt. co's which are subsidiaries of Public Ltd Co) as on 31 st March, 2013	No. of Committee positions held in other public limited companies as on 31 st March, 2013	
					Chairman	Member
Asim Santara	Independent Non Executive	5	Yes	Nil	Nil	Nil

Hiten Shah	Independent Non Executive	5	Yes	1	Nil	1
*Rajeshkumar Mundra	Non Independent Non Executive	1	No	Nil	Nil	Nil

*Mr. Rajesh Kumar Mundra was appointed as an Additional Director w.e.f. 10th November, 2012.

During the year, applicable information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration.

COMMITTEES OF THE BOARD OF DIRECTORS

3. AUDIT COMMITTEE

3.1 Constitution of the Audit Committee:

The constitution of Audit Committee is in line with the provisions of Clause 49 of the Listing Agreement. The Members of the Committee consists of Mr. Asim Santara, Independent Director as Chairman and Mr. Rajesh Kumar Mundra and Mr. Hiten Shah as Members of the committee.

3.2 Role of the Audit Committee:

The composition, powers, role and terms of reference of Audit Committee covers all matters specified under Clause 49 of the Listing Agreement of the Stock Exchanges, which inter alia includes the following:

1. To oversee the Company's financial reporting process and ensuring that the quarterly/annual financial statements are true, correct and credible.
2. To recommend to the Board appointment, re-appointment, replacement and removal of Statutory Auditor, fixation of their remuneration and approval for payment for any other services rendered by the Statutory Auditors.
3. To review financial reports with particular reference to matters included in Directors' Responsibility Statement in terms of Section 217 (2AA) of Companies Act, 1956, changes in accounting policies, practices, reasons for the same.
4. To review the major accounting entries, significant adjustment in financial statements, compliance with listing and other legal requirements, disclosures of related party transactions and qualifications by Auditors in the draft Audit report.
5. To hold periodical discussion with Statutory Auditors of the Company concerning the accounts of the Company, scope of audit and observations of the Statutory Auditors.
6. To review compliance with internal control system.
7. To make recommendation to the Board on any matter relating to financial management of the Company, including the Audit Report.