



Mercantile & Financing Limited

NIVEDITA MERCANTILE AND FINANCING LIMITED

31ST ANNUAL REPORT

2015-2016

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Devendra Khandelwal
Mr. Hiten Shah
Mr. Asim Kumar Santara
Mr. Sudarshan Somani
Ms. Mayuri Jain

COMPANY SECRETARY

Ms. Mayuri Jain

AUDITORS

Bagaria & Co., LLP
Chartered Accountants, Mumbai

BANKERS

Kotak Mahindra Bank Ltd.

REGISTERED OFFICE

5th Floor, Sunteck Centre, 37-40,
Subhash Road, Vile Parle (East), Mumbai-400057
CIN: L51900MH1985PLC037039
Tel: 91 22 4287 7800 Fax: 91 22 4287 7890
E-mail: cosec@niveditaindia.com
Website: www.niveditaindia.com

REGISTRAR & TRANSFER AGENTS

Adroit Corporate Services Private Limited
1st Floor, 19/20, Jaferbhoy Industrial Estate,
Makwana Road, Marol, Andheri (E), Mumbai - 400059.
Tel. No. 022-4227 0400 Fax No. 022-2850 3748
E-mail: support@adroitcorporate.com
Website : www.adroitcorporate.com

THE PAGE IS INTENTIONALLY LEFT BLANK

CONTENTS

1.	Director's Report	05
2.	Extract of Annual Return.....	11
3.	Report on Corporate Governance	18
4.	Auditor's Certificate on Corporate Governance	27
5.	Secretarial Audit Report	28
6.	Management Discussion and Analysis Report	30
7.	Standalone Independent Auditor's Reprt	33
8.	Standalone Financial Statements	39
9.	Notes to Accounts.....	43
10.	Consolidated Independent Auditor's Report	57
11.	Consolidated Financial Statments.....	62
12.	Notes to Consolidated Accounts	66
13.	Details of Subsidiaries	77

THE PAGE IS INTENTIONALLY LEFT BLANK

DIRECTORS' REPORT

To
The Members,
Nivedita Mercantile & Financing Limited

Your Directors have the pleasure in presenting the 31st Annual Report of the Company on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March 2016

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2016 is summarized below:

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended on 31.03.2016	For the year ended on 31.03.2015	For the year ended on 31.03.2016	For the year ended on 31.03.2015
Revenue from operations	2146.93	1493.00	2146.83	1493.00
Other Income	40.47	372.79	40.69	372.79
Total Revenue	2187.39	1865.79	2187.52	1865.79
Total Expenditure	1541.97	879.07	1543.56	879.12
Profit before tax (PBT)	645.43	986.72	643.96	986.67
Less: Income Tax Provision				
Current Tax	70.36	235.58	70.35	235.58
Excess/(Short)provision for tax	2.63	-	2.64	-
Deferred Tax	-	-	(0.44)	-
Profit before minority interest	572.44	751.14	571.41	751.09
Less: Minority interest	-	-	(0.17)	-
Profit After Tax	572.44	751.14	571.58	751.09
Balance brought forward from previous year	1060.32	480.34	1060.26	480.34
Surplus available for Appropriation	1632.76	1231.48	1631.84	1231.42
Less: Appropriations				
Proposed equity dividend	49.55	17.39	49.55	17.39
Tax on proposed equity dividend	10.09	3.54	10.09	3.54
Statutory Reserve Fund	114.49	150.23	114.49	150.23
Transfer to Capital Reserve	-	-	(0.18)	-
Surplus carried to Balance Sheet	1458.63	1060.32	1457.89	1060.26

PERFORMANCE

On consolidated basis, revenue from operations for F.Y. 2015-16 at Rs.2146.84 lakhs was higher by 43.80% over last year (1493.00 Lakhs in F.Y. 2014-15). The profit after tax stands at Rs. 571.58 lakhs as compared to Rs. 751.09 lakhs during the previous year.

On standalone basis, revenue from operations for F.Y. 2015-16 at Rs. 2146.92 lakhs was higher by 43.80% over last year (Rs. 1493.00 lakhs in F.Y.2014-15). The profit after tax stands at Rs. 572.44 lakhs as compared to Rs. 751.14 lakhs during the previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend of 5 per cent i.e. Rs. 0.50/- per Equity share on 99,10,330 equity shares of Face value Rs. 10/-each out of the profits of the Company for the financial year 2015-2016 subject to approval of shareholders at the ensuing Annual General Meeting amounting to Rs.49,55,165/- (Rupees Forty Nine Lacs Fifty Five Thousand One Hundred and Sixty Five Only). The total cash outflow on account of dividend payment including dividend distribution tax thereon was Rs. 59.64 lakhs (F.Y.2014-15 Rs. 20.93 lakhs).

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to reserves out of the profits earned during financial year 2015-16.

SHARE CAPITAL

During the year under review, the Authorised Share Capital of the Company has been increased to Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 150,00,000 (One Crore Fifty Lacs only) Equity shares of Rs. 10/- (Ten only) each.

The Company has not allotted any Equity Shares, thus the paid up Equity Share Capital of the Company remains the same. Also, the Company has not issued shares with differential voting rights and sweat equity shares.

DEPOSITS

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

REPORT ON PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

During the FY 2015-16, Chitta Finlease Private Limited has become subsidiary of the Company. There are no associate companies or joint venture companies within the meaning of section 2(6) of the Companies Act, 2013.

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with applicable accounting standards, issued by the Institute of Chartered Accountants of India, forms part of this Annual Report. In terms of section 136 of the Companies Act, 2013, financial statements of the subsidiary companies are not required to be sent to the members of the Company. The Company will provide a copy of separate annual accounts in respect of each of its subsidiary to any shareholder of the Company if so desired and said annual accounts will also be kept open for inspection at the Registered Office of the Company.

A statement containing the salient features of the financial statement of the subsidiaries in prescribed form AOC-1 as '**Annexure A**' is attached to the Financial Statements.

The Company has formulated a policy for determining 'material' subsidiaries and such policy is disclosed on Company's website.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to section 186 of the Companies Act, 2013 and Schedule V of the Listing Regulations, details of Loans to subsidiaries are given at note no. 20 (3) in the Financial Statements. No Loans /guarantees have been provided to Related Parties other than subsidiaries, Joint Ventures, LLPs or associate Companies referred to in note no. 20 (3). Loans to other body corporate given by the Company are in the ordinary course of Business and on arms length basis.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In Compliance with provisions of section 152 of the Companies Act, 2013, Mr. Devendra Khandelwal (DIN: 07460858), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Rajesh Kumar Mundra (DIN: 01797146), resigned as Director of the Company with effect from February 12, 2016, in view of his other professional commitments. The Company places on record its appreciation and gratitude for the valuable contributions made by Mr. Mundra during his tenure as a member of the Board of Directors.

Ms. Hemlata Thanvi (DIN: 07196414), was appointed as Additional Director of the Company on May 27, 2015. Further, resignation letter received from Hemlata Thanvi was noted in the meeting of Board of Directors held on February 12, 2016, effective from February 5, 2016.

Mr. Devendra Khandelwal (DIN: 07460858) and Ms. Mayuri Jain (DIN: 07434615) were appointed as Additional Directors of the Company on February 12, 2016 and hold the said office till the date of the ensuing Annual General Meeting. The Company has received notices under section 160 from members, along with the requisite deposit, signifying their intention to propose re-appointment. Accordingly, necessary resolutions are being placed for approval of the members at the forthcoming Annual General Meeting of the Company.

Ms. Hemlata Thanvi resigned as Company Secretary on November 30, 2015.

Pursuant to the recommendation of Board and Nomination and Remuneration Committee, Ms. Mayuri Jain was appointed as Company Secretary on February 12, 2016.

The brief resume of the Directors seeking appointment and re-appointment has been detailed in the Notice and Corporate Governance Report.

DECLARATIONS BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Number of Meetings of the Board of Directors

During the year, four (4) Board meetings were convened and held, details of which are given in the Report on Corporate Governance forming part of the Annual Report. The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time.

Additionally, during the financial year ended March 31, 2016, the Independent Directors held a separate meeting in compliance with the requirements of Schedule IV of the Companies Act, 2013, Clause 49(II)(B)(6) of Listing Agreement and Regulation 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**Listing Regulations**"). For further details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended March 31, 2016, the Board of Directors hereby confirms that:

1. in the preparation of the annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
2. such accounting policies have been selected and applied consistently and the Directors 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 on March 31, 2016 and of the profits of the Company for the year ended on that date;
3. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual Accounts of the Company have been prepared on a going concern basis;
5. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
6. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

An Audit Committee is in existence in accordance with the provisions of section 177 of the Companies Act, 2013 and the Listing Regulations. Further details on the Audit Committee are provided in the Report on Corporate Governance forming part of the Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

A Nomination and Remuneration Committee is in existence in accordance with the provisions of subsection (3) of section 178 and the Listing Regulations. Further details on the Nomination and Remuneration Committee are provided in the Report on Corporate Governance forming part of the Annual Report.

OTHER BOARD COMMITTEES

For details of other Board committee's viz. Stakeholders Relationship Committee and others, kindly refer to the section on Corporate Governance.

ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board is required to monitor and review the Board evaluation framework. The Evaluation process provides the manner in which the performance of Directors, as a collective body in the form of Board Committees and the Board functions and performs. The overall performance of the Board was satisfactory.

Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of this report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism, which includes Whistle Blower Policy, for its Directors and Employees, to provide a framework to facilitate responsible and secure reporting of concerns of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics. The details of establishment of Vigil Mechanism/ Whistle Blower policy are posted on the website of the Company and the weblink to the same is <http://www.niveditaindia.com>.

CORPORATE SOCIAL RESPONSIBILITY

The Company has been in endure to comply with the provisions of Section 135 of the Companies Act, 2013 , as a corporate citizen is looks forward to create value and growth in the society and in the community in which it operates, through its services, conduct and programs. The Company in view of its philosophy is in process of partnering with agencies to carry out its CSR activities. However, the Company did not find enough projects to spend the amount prescribed for CSR.

RISK MANAGEMENT

The Company's management systems, organizational structures, processes, standards, code of conduct and behaviors together form the system that governs how the Group conducts the business of the Company and manages associated risks.

The approach is based on a clear understanding of the variety of risks that the organisation faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large and consequently no particulars in form AOC-2 have been furnished.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at <http://www.niveditaindia.com>.

Disclosure on related party transactions is provided in notes to financial statements as note no. 20(3).

PARTICULARS OF EMPLOYEES

The information as required under the provisions of section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in MGT 9 attached hereto, which forms part of this report.

During the FY.15-16, there were no persons employed, for a part of the financial year who were in receipt of remuneration of not less than Rs. 5 lakhs p.m.

However, in accordance with the provisions contained in the proviso to section 136(1) of the Companies Act, 2013, the particulars relating to other employees of the Company are not being sent as a part of this Annual Report. Any Member interested in obtaining a copy of the same may write to the Company Secretary at the registered office of the Company.

DISCLOSURES UNDER SECTION 134(3) (L) OF THE COMPANIES ACT, 2013

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and the date of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The internal financial controls with reference to the financial statements were adequate and operating effectively.

AUDITORS

a) STATUTORY AUDIT

In compliance with provisions of section 139 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration No. 113447W/W-100019) were appointed as statutory auditors of the Company from the conclusion of twenty ninth annual general meeting (AGM) held on September 22, 2014 till the conclusion of the thirty fourth AGM to be held in the year 2019, subject to ratification by the members at each annual general meeting. The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company and are not disqualified for being so appointed.

The Statutory Audit Report does not contain any qualification, reservation or adverse remark or disclaimer made by Statutory Auditor.

b) SECRETARIAL AUDIT

Pursuant to the provisions of section 204 of the Companies Act, 2013 and rules made thereunder, the Company has re-appointed, Veeraraghavan N., (Membership No. A 6911) Company Secretary in Practice to undertake the Secretarial Audit of the Company. Secretarial Audit Report for the financial year 2015-16 issued by him in the prescribed form MR-3 is annexed as 'Annexure B' to this Report. In respect of the observation made by the auditor in the report, Directors would like to state that the Company is in process of appointing CFO and Whole Time Director of the Company.