



Mercantile & Financing Limited

NIVEDITA MERCANTILE AND FINANCING LIMITED

32nd ANNUAL REPORT

2016-2017

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Devendra Khandelwal

Mr. Sudarshan Somani

Mr. Gautam Panchal

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 / 2859 6060

E-mail: support@adroitcorporate.com

Website: www.adroitcorporate.com

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DIRECTORS' REPORT

To
The Members,
Nivedita Mercantile & Financing Limited

Your Directors have the pleasure in presenting the 32nd 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 2017.

FINANCIAL RESULTS

The Company's performance during the financial year ended 31st March, 2017 as compared to the previous financial year, is summarised below:

(Rs. in Lakh except as stated)

| Particulars | Standalone | | Consolidated | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | For the year ended on 31.03.2017 | For the year ended on 31.03.2016 | For the year ended on 31.03.2017 | For the year ended on 31.03.2016 |
| Revenue from operations | 2060.02 | 2146.92 | 2059.85 | 2146.84 |
| Other Income | 116.97 | 40.47 | 116.97 | 40.69 |
| Total Revenue | 2176.99 | 2187.39 | 2176.82 | 2187.53 |
| Total Expenditure | 1900.75 | 1541.97 | 1906.36 | 1543.57 |
| Profit before tax (PBT) | 276.24 | 645.42 | 270.46 | 643.96 |
| Less: Income Tax Provision | | | | |
| Current Tax | 36.53 | 70.36 | 36.53 | 70.36 |
| Excess/(Short)provision for tax | - | 2.63 | - | 2.64 |
| Deferred Tax | - | - | - | (0.44) |
| Profit before minority interest | 239.71 | 572.43 | 233.93 | 571.42 |
| Less: Minority interest | - | - | - | (0.16) |
| Profit After Tax | 239.71 | 572.43 | 233.93 | 571.58 |
| Balance brought forward from previous year | 1458.62 | 1060.32 | 1457.89 | 1060.26 |
| Surplus available for Appropriation | 1698.33 | 1632.75 | 1691.82 | 1631.84 |
| Less: Appropriations | | | | |
| Proposed equity dividend | - | 49.55 | - | 49.55 |
| Tax on proposed equity dividend | - | 10.09 | - | 10.09 |
| Statutory Reserve Fund | 47.94 | 114.49 | 47.94 | 114.49 |
| Transfer to Capital Reserve | - | - | - | (0.18) |
| Surplus carried to Balance Sheet | 1650.39 | 1458.62 | 1643.88 | 1457.89 |

PERFORMANCE

During the year under review, the consolidated total revenue for the current year amounted to Rs. 2176.82/-lakhs against Rs. 2187.52/- compared to the previous year. The profit after tax stands at Rs. 233.93/- lakhs as compared to Rs. 571.58/- lakhs during the previous year.

The total revenue earned is Rs. 2176.99/- lakhs compared to previous year's revenue of Rs.2187.39/- lakhs on standalone basis. The profit after tax on standalone basis stands at Rs. 239.70/- lakhs as compared to Rs. 572.44/- lakhs during the previous year.

DIVIDEND

To strengthen the financial position of the Company, your Directors do not recommend any dividend for the period under consideration.

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to reserves out of the profits earned during financial year 2016-17.

SHARE CAPITAL

During the year under review, the Company has not allotted any Equity Shares, thus the paid up Equity Share Capital of the Company remains the same i.e. 99,10,330 equity shares of Rs. 10/- each. 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 within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Companies Act, 2013.

REPORT ON PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

The Company has 2 Subsidiaries i.e. V Can Exports Private Limited and Chitta Finlease Private Limited. 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.

MATTERS RELATING TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

In Compliance with provisions of section 152 of the Companies Act, 2013, Ms. Mayuri Jain (DIN: 07434615), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. Appropriate resolution for her re-appointment is being placed for approval of the members at the ensuing AGM.

Mr. Hiten Shah (DIN: 02185059), resigned as Director of the Company with effect from August 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. Shah during his tenure as a member of the Board of Directors.

DECLARATIONS BY INDEPENDENT DIRECTORS

The Board has received declarations from the Independent Directors as per the requirement of Section 149(7) of the Companies Act, 2013 and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in 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, 2017, the Independent Directors held a separate meeting in compliance with the requirements of Schedule IV of the Companies Act, 2013 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

Pursuant to the provisions of Section 134(3)(c) of the Act, the Directors confirm that, to the best of their knowledge and belief:

1. in the preparation of the annual Accounts, the applicable Accounting Standards had 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, 2017 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.

COMMITTEES OF THE BOARD

A) 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.

B) 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.

C) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the provisions of Section 135 of the Companies Act, 2013, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee.

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link <http://www.niveditaindia.com/codes/policies>.

For details of the composition of the Committee, the CSR policy and other relevant details that are required to be disclosed under the provisions Section 134(3)(o) of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, kindly refer to '**Annexure B**' hereto, which forms part of this report.

OTHER BOARD COMMITTEES

For details of other Board committees 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.

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.

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 F.Y.16-17, 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.

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 behaviour, 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 web link to the same is <http://www.niveditaindia.com>.

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 LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186(11)(a) of the Act read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such the particulars of loans and guarantee have not been disclosed in this Report.

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.

Necessary resolution for ratification of appointment of the said Auditors is included in the Notice of Annual General Meeting for seeking approval of members.

Observations of statutory auditors on accounts for the year ended March 31, 2017:

There are no qualifications, reservations or adverse remarks made by M/s Bagaria & Co. LLP; Chartered Accountants, Statutory Auditors of the Company, in their report for the financial year ended March 31, 2017.

Pursuant to provisions of section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit and Compliance Committee during the year under review.

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. A6911) Company Secretary in Practice to undertake the Secretarial Audit of the Company. Secretarial Audit Report for the financial year 2016-17 issued by him in the prescribed form MR-3 is annexed as '**Annexure C**' 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 of the Company.

COST AUDIT

In compliance with provisions of Section 148 of the Companies Act, 2013 and the rules made thereunder and as amended from time to time, the requirement of cost audit and the maintenance of the cost records are not applicable to the Company.

OTHER DISCLOSURES

Other disclosures as per provisions of section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as '**Annexure D**'.