



Mercantile & Financing Limited

NIVEDITA MERCANTILE AND FINANCING LIMITED

**33rd ANNUAL REPORT
2017-2018**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Sudarshan Somani
Mr. Gautam Panchal (w.e.f. 27th June, 2017)
Mrs. Lalitha Cheripalli (w.e.f. 18th May, 2018)
Mr. Devendra Khandelwal (upto 13th Nov, 2017)
Ms. Mayuri Jain (upto 18th May, 2018)

COMPANY SECRETARY

Ms. Shreya Shetty (w.e.f. 2nd Feb, 2018)
Ms. Mayuri Jain (upto 2nd Feb, 2018)

AUDITORS

Bagaria & Co., LLP
Chartered Accountants, Mumbai

BANKERS

Kotak Mahindra Bank Ltd.
Barclays Bank PLC

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, 17/20, Jafferbhoy Industrial Estate,
Makwana Road, Marol Naka, Andheri (East), Mumbai - 400059.
Tel. No. 022-4227 0400 Fax No. 022-2850 3748
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 33rd 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 2018.

FINANCIAL RESULTS

The Company's performance during the financial year ended 31st March, 2018 as compared to the previous financial year, is summarised below:

(Rs. in Lakh except as stated)

| Particulars | Standalone | | Consolidated | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | For the year ended on 31.03.2018 | For the year ended on 31.03.2017 | For the year ended on 31.03.2018 | For the year ended on 31.03.2017 |
| Revenue from operations | 1794.73 | 2060.02 | 1794.85 | 2059.85 |
| Other Income | 71.14 | 116.97 | 71.14 | 116.97 |
| Total Revenue | 1865.87 | 2176.99 | 1865.99 | 2176.82 |
| Total Expenditure | 1708.46 | 1900.75 | 1714.49 | 1906.36 |
| Profit before tax (PBT) | 157.41 | 276.24 | 151.50 | 270.46 |
| Less: Income Tax Provision | | | | |
| Current Tax | 38.10 | 36.53 | 38.12 | 36.53 |
| Excess/(Short)provision for tax | 2.02 | - | 2.02 | - |
| Deferred Tax | - | - | - | - |
| Profit before minority interest | 117.29 | 239.71 | 111.36 | 233.93 |
| Less: Minority interest | - | - | - | - |
| Profit After Tax | 117.29 | 239.71 | 111.36 | 233.93 |
| Balance brought forward from previous year | 1650.39 | 1458.62 | 1643.88 | 1457.89 |
| Surplus available for Appropriation | 1767.68 | 1698.33 | 1755.22 | 1691.82 |
| Less: Appropriations | | | | |
| Proposed equity dividend | - | - | - | - |
| Tax on proposed equity dividend | - | - | - | - |
| Statutory Reserve Fund | 23.46 | 47.94 | (23.46) | 47.94 |
| Transfer to Capital Reserve | - | - | 0.32 | - |
| Surplus carried to Balance Sheet | 1744.22 | 1650.39 | 1732.08 | 1643.88 |

PERFORMANCE

During the year under review, the consolidated revenue from operations for the current year amounted to Rs. 1794.85/-lakhs against Rs. 2059.85/- compared to the previous year. The profit after tax on consolidated basis stands at Rs.111.36/- lakhs as compared to Rs. 233.93/- lakhs during the previous year.

The revenue from operations earned is Rs. 1794.73/- lakhs compared to previous year's revenue of Rs. 2060.02/- lakhs on standalone basis. The profit after tax on standalone basis stands at Rs. 117.29/- lakhs as compared to Rs. 239.71/- 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 2017-18.

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. There are no material subsidiaries of the Company.

MATTERS RELATING TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. Lalitha Cheripalli (DIN: 07026989) was appointed as an Additional Director of the Company on 18th May, 2018 to hold office till the conclusion of the upcoming Annual General Meeting and has offered herself for reappointment. Mr. Gautam Panchal (DIN: 07826634) was appointed as Independent Director of the Company by passing a resolution through Circulation by the Board of Directors on June 27, 2017.

Mr. Devendra Khandelwal (DIN: 07460858), resigned as Director of the Company with effect from November 13, 2017, in view of his other professional commitments. Further, Ms. Mayuri Jain (DIN: 07434615), resigned as Director of the Company with effect from May 18, 2018, in view of her preoccupation. The Company places on record its appreciation and gratitude for the valuable contributions made by Mr. Devendra Khandelwal and Ms. Mayuri Jain during their tenure on the Board of the Company.

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, 2018, 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:

- a. in the preparation of the annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. 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, 2018 and of the profits of the Company for the year ended on that date;
- c. 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;
- d. the annual Accounts of the Company have been prepared on a going concern basis;
- e. 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;
- f. 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 sub-section (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.

D) STAKEHOLDERS' RELATIONSHIP COMMITTEE

A Stakeholders' Relationship Committee is in existence in accordance with the provisions of sub-section (5) of Section 178 and the Listing Regulations. Further details on the Stakeholders' Relationship Committee are provided in the Report on Corporate Governance forming part of the Annual Report.

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

During the Financial Year 17-18, there were no persons employed, for a part of the financial year who were in receipt of remuneration of not less than Rs. 8.5 lakhs p.m.

In accordance with the provisions contained in the proviso to section 136(1) of the Companies Act, 2013, the information required under section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available for inspection at the registered office of the Company during working hours for a period of twenty one days before the date of the Annual General Meeting.

COMPLIANCE WITH SECRETARIAL STANDARDS

Pursuant to the provisions of the Companies Act, 2013, the Company has complied with the Secretarial Standard on the Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

TRANSFER OF UNCLAIMED DIVIDEND/ DEPOSITS AND SHARES TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, rules made there under and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto, the amount of dividend/deposits remaining unpaid or unclaimed for a period of 7 (seven) years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) as constituted by the Central Government. Further, as per the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education & Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules 2016, the shares in respect of which the dividend has not been claimed for seven (7) consecutive years are required to be transferred by the Company to the designated Demat account of the IEPF Authority. The details of the unpaid/unclaimed dividend/deposits and the shares due to be transferred to the IEPF, are also uploaded as per the requirements, on the website of the Company i.e. <http://niveditaindia.com>.

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 weblink 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

The related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business and hence no particulars in form AOC-2 have been furnished.

However, during the year under review, your Company has entered into transactions with related parties which are material as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the details of said transactions are provided in the Notice of the Annual General Meeting for your approval.

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. Details of Loans, guarantees and investments given/made during the financial year under review are part of note no. 9 and 10 in the financial statements.

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. The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company.

Observations of statutory auditors on accounts for the year ended March 31, 2018:

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, 2018.

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 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 2017-18 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 Whole Time Director and 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**'.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of activities the Company is engaged into the Company is not required to furnish information as required under the provisions of section 134(3)(m) of the Companies Act, 2013 read with the rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption.

Foreign Exchange Earnings and Outgo are as follows:

- i) Foreign Exchange Earned: NIL
- ii) Foreign Exchange Outflow: NIL

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2014

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your Company has a policy and framework for employees to report sexual harassment cases at workplace and the process ensures complete anonymity and confidentiality of information.

SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

All documents, including the Notice and Annual Report shall be sent through electronic transmission in respect of members whose email IDs are registered in their demat account or are otherwise provided by the members. A member shall be entitled to request for physical copy of any such documents.

CORPORATE GOVERNANCE

The report on Corporate Governance and the certificate from the Statutory Auditors regarding compliance with the conditions of Corporate Governance have been furnished in the Annual Report and form a part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis report has been separately furnished in the Annual Report and forms a part of the Annual Report.

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.

For and on Behalf of the Board of Directors

Gautam Panchal
Director (DIN: 07826634)

Sudarshan Somani
Director(DIN: 00137568)

Lalitha Cheripalli
Director (DIN: 07026989)

Mumbai: 18th May, 2018