

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.

3.3 Meetings of the Audit Committee:

During the financial year under review, five meetings of the Audit Committee were held i.e. on 30th May, 2012, 11th August 2012, 18th September, 2012, 10th November 2012 and 11th February 2013. Pursuant to the resignation of Director from the Board of the Company, the Audit Committee of the Company was accordingly reconstituted during the year. The current composition of the Committee is as follows:

| Name of the Director | Chairman/ Member | Category | No. of Meetings | |
|----------------------|------------------|-----------------------------------|-----------------|----------|
| | | | Held | Attended |
| Asim Santara | Chairman | Independent Non Executive | 5 | 5 |
| Hiten Shah | Member | Independent Non Executive | 5 | 5 |
| *Rajesh Kumar Mundra | Member | Non Independent and Non Executive | 5 | 1 |

*Mr. Rajeshkumar Mundra was appointed as member of the Audit Committee w. e. f 10.11.2012.

4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

4.1 Constitution of the Shareholders' / Investors' Grievance Committee:

The constitution of Shareholders/Investors Grievance Committee is in line with the provisions of Clause 49 of the Listing Agreement. The Members of the Committee consists of Mr. Hiten Shah, Independent Director as Chairman and Mr. Rajeshkumar Mundra and Mr. Asim Santara as Members of the committee.

4.2 Role of the Shareholders' / Investors' Grievance Committee:

- The Company has constituted the Shareholders/Investors Grievance Committee of Directors to attend to the complaints of investors.
- The Committee examines the grievances of the Shareholders and tries to redress the same within a reasonable period of time.

4.3 Meetings of the Shareholders/Investors Grievance Committee:

During the financial year under review, four meetings of the Shareholders/Investors Grievance Committee were held i.e. on 30th May 2012, 11th August 2012, 10th November 2012, and 11th February 2013.

| Name of the Director | Chairman/ Member | Category | No. of Meetings | |
|----------------------|------------------|-------------------------------|-----------------|----------|
| | | | Held | Attended |
| Hiten Shah | Chairman | Independent Non Executive | 4 | 4 |
| Asim Santara | Member | Independent Non Executive | 4 | 4 |
| Rajeshkumar Mundra* | Member | Non Independent Non Executive | 4 | 1 |

*Mr. Rajesh Kumar Mundra was appointed as member of the Shareholders/Investors grievance Committee w. e. f 10.11.2012.

During the financial year under review, the Company has not received any complaint from shareholders.

Name, Designation and Address of the Compliance Officer:

Ms. Madhura Kolwalkar

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

5. GENERAL BODY MEETINGS

(i) Details of last three Annual General Meetings of the Company held are given below:

| Date | Venue | Time | No. of Special Resolution Passed |
|---------------------------------|---|-----------|----------------------------------|
| 18 th September,2012 | M.I.G. Club, M.I.G. Colony, Bandra (East), Mumbai 4000591 | 4.00 p.m. | Nil |
| 28 th September,2011 | M.I.G. Club, M.I.G. Colony, Bandra (East), Mumbai 4000591 | 4.00 p.m. | Nil |
| 4 th September,2010 | 5 th Floor , Sunteck Centre 37-40 Subhash Road, Vile-Parle (East), Mumbai 400057 | 5.00 p.m. | 1 |

(ii) No Extra Ordinary General meeting was held during the Year under review.

6. DISCLOSURES

(A) Basis of Related Party Transaction

All transactions with related parties, wherever applicable, including transactions of material nature between the Company and its promoters, directors, management, relatives etc. are disclosed in the

Notes to the Accounts forming part of the Annual Report. There were no materially significant related party transactions during the year having conflict with the interests of the Company.

(B) Non Compliances/Strictures/Penalties Imposed

During the last three years, there were no penalties or strictures imposed on the Company by SEBI, Stock Exchange or any statutory authority on any matter related to capital market. However the listing status of the Company was suspended from the Madhya Pradesh Stock Exchange till the time Company furnishes all the listing compliances as per listing agreement. The Company has now received Regularization Letter from MPSE, dated 24th June, 2013.

(C) Disclosure of Accounting Treatment

The Company has followed all relevant Accounting Standards while preparing the Financial Statements.

(D) Non mandatory requirements

The Company has reviewed the non mandatory requirements under Clause 49 of the Listing Agreement and these shall be adopted/ complied by the Company on need based.

7. MEANS OF COMMUNICATION

The Company is publishing its Quarterly Unaudited Financial Results and the Annual Audited Financial Results in the widely circulated national and local newspapers viz. “Asian Age” and “Aapla Mahanagar.”

8. GENERAL SHAREHOLDER INFORMATION

(i) 28th Annual General Meeting:

Date: 27th September, 2013

Time: 5.00 p.m.

Venue: M.I.G. Club, M.I.G. Colony, Bandra (East), Mumbai 4000591

(ii) Financial Year:

| | |
|---|---|
| Accounting year | :April to March |
| Financial reporting for the quarter ending June 30, 2013 | :On or before 14 th August, 2013 |
| Financial reporting for the half year ending September 30, 2013 | :On or before 14 th November, 2013 |
| Financial reporting for the quarter ending December 31, 2013 | :On or before 14 th February, 2014 |
| Financial reporting for the year ending March 31, 2014 | :On or before 30 th May, 2014 |
| Annual General Meeting for the year ended March 31, 2014 | :September, 2014 |

(iii) Date of Book Closure:

Tuesday, 24th September, 2013 to Friday, 27th September, 2013 (both days inclusive).

(iv) Dividend Payment Date:

The Board has recommended a dividend of 5% i.e. (Rs.0.50 per Share). If declared by the Shareholders in the Annual General Meeting, the same will be paid within 30 days of declaration of Dividend.

(v) Listing on Stock Exchanges:

The Company's equity shares are listed on The Bombay Stock Exchange Limited and Madhya Pradesh Stock Exchange Limited.

The Company confirms that it has paid annual listing fees due to the Stock exchanges for the year 2013-2014.

(vi) Stock code:

Bombay Stock Exchange, Mumbai : 512381
Madhya Pradesh Stock Exchange, Indore: 512381

(vii) Market Price Data:

The Shares of the Company are listed on the Bombay Stock Exchange and Madhya Pradesh Stock Exchange but no trading was reported during the last financial year.

(viii) Registrar and Transfer Agents:

Adroit Corporate Services Private Limited
1st Floor, 19 Jaferbhoy Ind. Estates,
Makwana Road, Marol Naka,
Mumbai- 400059

(ix) Share Transfer System

The process of the transfer of the shares of the Company is handled by the Company's Registrar & Transfer Agents.

(x) **Distribution of shareholding as on 31st March 2013:**

| SHARE HOLDING OF NOMINAL VALUE OF | SHARE HOLDERS | | SHARE AMOUNT | |
|--------------------------------------|---------------|------------|----------------|-----------------|
| | Number | % of Total | In Rs. | % of Total |
| 1 – 5000 | 133 | 67.86 | 126700 | 0.36 |
| 5001 – 10,000 | 5 | 2.55 | 47300 | 0.14 |
| 10,001 -20,000 | 7 | 3.57 | 133000 | 0.38 |
| 20,001- 30,000 | 9 | 4.59 | 251000 | 0.72 |
| 30,001- 40,000 | 2 | 1.02 | 75000 | 0.21 |
| 40,001- 50,000 | 0 | 0 | 0 | 0 |
| 50,001-100,000 | 4 | 2.04 | 310000 | 0.89 |
| 100,001 and above | 36 | 18.37 | 34057000 | 97.31 |
| TOTAL | 196 | 100 | 3500000 | 35000000 |

(xi) **Shareholding Pattern (category wise) as on 31st March 2013**

| CATEGORY OF SHAREHOLDERS | NO. OF SHAREHOLDERS | NO. OF SHARES HELD | % OF HOLDING |
|--------------------------------------|------------------------|--------------------------|-----------------|
| Indian Promoters | 11 | 2615700 | 74.73 |
| Financial Institutions & Banks | NIL | NIL | NIL |
| Mutual Funds & UTI | NIL | NIL | NIL |
| FII's | NIL | NIL | NIL |
| NRIs/OCBs | NIL | NIL | NIL |
| Corporate Bodies | 6 | 180930 | 5.17 |
| Individual (Capital upto Rs.1 lac) | 158 | 83370 | 2.38 |
| Individual (Capital above Rs. 1 lac) | 17 | 620000 | 17.71 |
| Clearing Members Transit Position | NIL | NIL | NIL |
| Market Maker | NIL | NIL | NIL |
| Trusts | NIL | NIL | NIL |
| TOTAL | 192 | 3500000 | 100 |

(xii) **Dematerialization of Shares**

As of 31st March 2013, 34,58,400 Equity Shares of the Company (98.81%) are held in electronic form with National Securities Depository Limited and Central Depository Services (India) Limited.

(xiii) **Outstanding GDRs/ADRs/Warrants**

The Company has not issued any GDRs/ADRs/Warrants during the year under review.

(xiv) Address for Correspondence: Registered Office of the Company:

Nivedita Mercantile and Financing Limited
5th Floor, Sunteck Centre, 37-40,
Subhash Road, Vile Parle (E),
Mumbai 400057
Email ID: cosec@niveditaindia.com

For and on behalf of the Board of Directors

Mumbai, 30th May 2013

Sd/-

Director

Veeraraghavan.N
Practicing Company Secretary
B.Sc. LL.B. A.C.S.

B-7 & 8,Ground Floor
Satyam Commercial Complex
M.G Road, Ghatkopar (East)
Mumbai 400077
Ph: 25017805 Mob: 9821528844
Email : nvr54@ymail.com

COMPLIANCE CERTIFICATE

To

Nivedita Mercantile and Financing Limited

I have examined the registers, records, books and papers of Nivedita Mercantile and Financing Limited as required under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company and its officers and agents, I certify that in respect of the aforesaid financial year:

- 1 The Company has kept and maintained the registers as stated in Annexure – A to this Certificate, as per the provisions and the rules made there under and entries therein have been duly recorded.
- 2 The Company has filed the forms and returns as stated in Annexure – B to this Certificate, with the Registrar of companies.
- 3 The Company being a public limited company, comments are not required.
- 4 The Board of Directors duly met Five times [30th May 2012, 11th August 2012, 10th November 2012, 18th September, 2012 and 11th February 2013] and proceedings were properly recorded in the Minutes Book maintained for the purpose.
- 5 The Company has closed its Register of Members from 14th September, 2012 to 18th September, 2012.
- 6 The Annual General Meeting for the Financial year ended 31st March 2012 was held on 18th September 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for this purpose.
- 7 The Company has not convened any Extra Ordinary General Meeting.
- 8 The Company has complied with the provisions of Section 295 of the Act.
- 9 The Company has complied with the provision of Section 297 of the Act.
- 10 The Company has made entries in the Register maintained under Section 301 of the Act, wherever required.
- 11 As there were no instances falling within the purview of Section 314 of the Act, the Company is not required to obtain any approvals from the Board of Directors, Members or Central Government, as the case may be.

- 12 The Company has not issued any duplicate certificates during the financial year.
- 13 i) There was an allotment of 600,000 Equity shares of Rs. 10/- each at Premium of Rs. 54/- of the Company, pursuant to conversion of 600,000 warrants into Equity shares of the company. There was no transfer of Shares.
- ii) As the Company did not declare any dividend, the need to deposit any amount of dividend in a separate bank account did not arise.
- iii) The Company was not required to post warrants to any members of the Company as no dividend was declared.
- iv) There were no instances where the Company had to transfer any amounts to Investor Education and Protection Fund.
- v) The Company has duly complied with the requirements of Section 217 of the Act.
- 14 The Board of Directors of the Company was duly constituted, Mr. Manoj Agarwal, Director of the Company resigned from the Board w.e.f. 10th November, 2012 and Mr. Rajesh Kumar Mundra was appointed as an Additional Director of the Company.
- 15 The Company has not appointed any Managing Director / whole time director / Manager during the period under Report.
- 16 The Company has not appointed any sole selling agent.
- 17 The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such other authorities as prescribed under the various provisions of the Act.
- 18 The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules there under.
- 19 The Company has not issued any Bonus shares.
- 20 The Company has not bought back any shares.
- 21 There was no redemption of preference shares or debentures.
- 22 There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights share and bonus shares pending registration of transfer of shares.
- 23 The Company has not accepted deposits including unsecured loans falling within the purview of Section 58A of the Act.
- 24 The Company has complied with, the provisions of Section 293(1) (d) of the Act.
- 25 The Company has complied with, the provisions of Section 372 A of the Act.
- 26 The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another.
- 27 The Company has not altered the provisions of the Memorandum with respect to Objects of the

Company.

- 28 The Company has not altered the provisions of the Memorandum with respect to the name of the Company.
- 29 Clause V (i.e. Capital clause) of the Memorandum of Association with respect to Authorized share capital of the company was altered during the year, pursuant to the increase in the Authorized share capital of the company from Rs. 320,00,000/- (Rupees Three crores twenty lacs Only) to Rs. 12,00,00,000/- (Rupees Twelve crores Only).
- 30 The Company has not altered the provisions of the Articles of association.
- 31 As explained to me by the Company and its officers, there was no prosecution initiated or show cause notices received by the Company for the offences under the Act.
- 32 The Company has not received any money as security deposit from its employees.
- 33 The Provisions of Employees' Provident Fund Act are not applicable to the Company.

Sd/-

Veeraraghvan N.

C.P.No . 4334

Date: 30th May 2013

Annexure – A

Registers maintained by the Company:

1. Register of Members u/s 150
2. Register of Contracts u/s 301
3. Register of Directors', Managing Directors u/s 303
4. Register of Directors' shareholding u/s 307
5. Register of charges u/s 143
6. Minutes Book of meetings of the Directors and General meeting u/s 193
7. Register of transfers
8. Register of Investments u/s 372A

Annexure – B

Forms and returns filed by the Company with the Registrar of companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2013:

| Document Type | Date of Filing | Whether filed on prescribed time | If Delayed whether Requisite Additional fee paid |
|---------------|----------------|----------------------------------|--|
| Form 2 | 21/09/2012 | NO | YES |
| Form 66 | 16/10/2012 | YES | NO |
| Form 23B | 16/10/2012 | YES | NO |
| Form 5 | 18/10/2012 | YES | NO |

INDEPENDENT AUDITOR'S REPORT

To
The Members of,
Nivedita Mercantile & Financing Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Nivedita Mercantile & Financing Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date;
and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we 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 account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and CashFlow Statement comply with the Accounting Standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Bagaria and Co.
Chartered Accountants
(Firm Registration No.113447W)
Sd/-

Vinay Somani
Partner
Membership No. : 143503

Mumbai, 30th May, 2013

Annexure to Independent Auditor's Report

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. There are no fixed assets and therefore clause 4(i) of the order is not applicable.
2. There is no inventory and therefore clause 4(ii) of the order is not applicable.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

(a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f)&(g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the grant of loans & advances & charging of interest. The nature of the Company's business is such that it does not involve any sale of goods or purchase of inventory. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b)As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceed five lac rupees in a financial year therefore requirement of reasonableness of transactions does not arises.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Company does not belongs to list of Companies as prescribed under Section 209(1)(d) of the Companies Act,1956 and therefore clause 4(viii) of the order is not applicable.
9. (a) According to the records of the company, undisputed statutory dues including Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
 11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution or banks.
 12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
 14. According to information and explanations given to us, the Company is not a dealer or trader in securities. The company has maintained proper records of transactions and contracts in respect of investments and timely entries have been made therein.
 15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
 16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
 17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
 18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year. However, the Company has during the year vide Board Resolution dated 3rd August 2012, allotted 6,00,000 equity shares to the warrant holders.
 19. The Company has no outstanding debentures during the period under audit.
 20. The Company has not raised any money by public issue during the year.
 21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management

For Bagaria and Co.
Chartered Accountants
(Firm Registration No.113447W)
Sd/-

Vinay Somani
Partner
Membership No. : 143503

Mumbai, 30th May, 2013

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of

Nivedita Mercantile and Financing Limited

We have examined the compliance of the conditions of Corporate Governance by **Nivedita Mercantile and Financing Limited** (“the Company”) for the year ended 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations given by the management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Bagaria & Co
Chartered Accountants
Firm Regn. No.113447W**

Sd/-

**Vinay Somani
Partner**

Mumbai: 30th May 2013

Membership No. 143503

BALANCE SHEET

| | Notes | As at 31st March, 2013 | As at 31st March, 2012 |
|---|--------------|---------------------------|---------------------------|
| | | Rs | Rs |
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUND | | | |
| Share capital | 2 | 35,000,000 | 29,000,000 |
| Reserves and Surplus | 3 | 215,237,477 | 171,103,521 |
| Money received against share warrants | | - | 9,600,000 |
| CURRENT LIABILITIES | | | |
| Short-term borrowings | 4 | 2,693,072,947 | 1,703,479,681 |
| Trade payable | 5 | 140,415 | 129,681 |
| Other current liabilities | 6 | 4,144,270 | 3,496,080 |
| Short-term provisions | 7 | 5,655,339 | 2,245,953 |
| TOTAL | | 2,953,250,448 | 1,919,054,916 |
| ASSETS | | | |
| NON - CURRENT ASSETS | | | |
| Non-current investments | 8 | 95,335,979 | 453,970 |
| Long-term loans and advances | 9 | 9,950,535 | 17,120,341 |
| CURRENT ASSETS | | | |
| Cash and Bank balance | 10 | 11,302,247 | 3,065,149 |
| Short-term loans and advances | 11 | 2,836,661,688 | 1,898,415,456 |
| TOTAL | | 2,953,250,448 | 1,919,054,916 |
| Significant Accounting Policies and the accompanying notes form an integral part of financial statements | 1 1 to 17 | | |

In terms of our report attached.

For Bagaria & Co

Chartered Accountants

Firm Registration No : 113447W

sd/-

Vinay Somani

Partner

Membership No. 143503

Place: Mumbai

Date: 30th, May 2013

**For and on behalf of the Board of Directors
of Nivedita Mercantile and Financing Limited**

Rajesh Mundra

sd/-

Asim Santara

sd/-

Hiten Shah

sd/-

STATEMENT OF PROFIT AND LOSS

| | Notes | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|---|--------------|--------------------------------|--------------------------------|
| | | Rs. | Rs. |
| INCOME | | | |
| Revenue from operations | 12 | 160,112,063 | 155,054,043 |
| Other income | 13 | 525,936 | 62,871 |
| Total revenue (I) | | 160,637,999 | 155,116,914 |
| EXPENSES | | | |
| Operating Expenses | 14 | 136,062,861 | 136,462,564 |
| Employee benefits expenses | 15 | 396,977 | 873,574 |
| Other expenses | 16 | 4,653,940 | 2,992,027 |
| Total expenses (II) | | 141,113,778 | 140,328,165 |
| Profit for the year before tax (I - II) | | 19,524,221 | 14,788,749 |
| Tax expense: | | | |
| Current tax | | 7,272,972 | 5,348,175 |
| Profit for the year | | 12,251,250 | 9,440,574 |
| Earning per equity share of face value Rs. 10 each: | | | |
| Basic | | 3.72 | 3.70 |
| Diluted | | 3.50 | 2.70 |
| Significant Accounting Policies and the accompanying notes form an integral part of financial statements | 1 1 to 17 | | |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>In terms of our report attached.</p> <p>For Bagaria & Co Chartered Accountants Firm Registration No : 113447W</p> <p>sd/- Vinay Somani Partner Membership No. 143503</p> <p>Place: Mumbai Date: 30th, May 2013</p> </div> <div style="width: 45%;"> <p>For and on behalf of the Board of Directors of Nivedita Mercantile and Financing Limited</p> <p>Rajesh Mundra sd/-</p> <p>Asim Santara sd/-</p> <p>Hiten Shah sd/-</p> </div> </div> | | | |

CASH FLOW STATEMENT

| | Year Ended 31st March 2013 | | Year Ended 31st March 2012 | |
|--|----------------------------|---|----------------------------|---------------------|
| | Rs. | Rs. | Rs. | Rs. |
| <u>Cash Flow from Operating Activities</u> | | | | |
| Profit Before Tax and Extraordinary items | | 19,416,314 | | 16,541,989 |
| Adjustment For | | | | |
| Provision for Sub- Standard Asset | 3,000,000 | | | |
| Dividend Income | (38,889) | | (62,871) | |
| Loss/ (Profit) on Sale of Mutual Funds | - | 2,961,111 | - | (62,871) |
| Operating Profit before Working Capital Changes | | 22,377,425 | | 16,479,118 |
| Adjustment for: | | | | |
| (Increase)/Decrease in Short Term Loans & Advances and in other current Assets | (922,228,997) | | (692,011,045) | |
| Increase/(Decrease) in Short term Borrowings | 989,593,266 | | 636,475,735 | |
| Increase/(Decrease) in Trade Payable, Short Term provisions and other current liabilities | 1,176,217 | 68,540,486 | 1,681,521 | (53,853,789) |
| Cash Generated From Operations | | 90,917,910 | | (37,374,671) |
| Income Tax Paid | | 16,637,692 | | 24,810,335 |
| Net Cash inflow /(used) from Operating Activities (A) | | 74,280,218 | | (62,185,006) |
| <u>Cash Flow from Investing Activities</u> | | | | |
| Purchase of Investment | (94,882,009) | | - | |
| Sale of Investment | - | | 333,350.00 | |
| Profit on Sale of Mutual Funds | - | | - | |
| Dividend on Mutual Funds | 38,889 | (94,843,120) | 62,871 | 396,221 |
| Net Cash inflow / (used) in Investing Activities (B) | | (94,843,120) | | 396,221 |
| <u>Cash Flow from Financing Activities</u> | | | | |
| Warrants Application Money | (9,600,000) | | | - |
| Proceeds from Issue of Equity Shares | 6,000,000 | | 3,000,000 | - |
| Proceeds from Issue of Securities Premium | 32,400,000 | | 16,200,000 | - |
| Loan taken from | | | | 19,200,000 |
| Net Cash inflow / (used) in Financing Activities (C) | | 28,800,000 | | 19,200,000 |
| Net Increase in Cash and Cash Equivalents (A+B+C) | | 8,237,098 | | (42,588,785) |
| Cash and Cash Equivalents - Opening Balance | | 3,065,149 | | 45,653,933 |
| Cash and Cash Equivalents - Closing Balance | | 11,302,248 | | 3,065,149 |
| <u>Componets of cash and cash equivalents at the year end</u> | | | | |
| Cash on hand | | 486,194 | | 43,247 |
| With Scheduled Banks | | | | |
| -On Current account | | 10,816,052 | | 3,021,901 |
| -On Deposit account | | - | | - |
| Cash and Cash Equivalents - Closing Balance | | 11,302,247 | | 3,065,149 |
| Notes: | | | | |
| 1. The above Cash Flow Statement has been prepared under the " Indirect method" set out in Accounting Standard (AS) -3 on Cash Flow Statement notified u/s 211(3C) of the Companies Act, 1956. | | | | |
| As per our report of even date attached | | | | |
| For Bagaria & Co. | | For and on behalf of the Board of Directors | | |
| Chartered Accountants | | of Nivedita Mercantile and Financing Limited | | |
| (Firm Registration No. 113447W) | | | | |
| sd/- | | Rajesh Mundra | sd/- | |
| Vinay Somani | | Asim Santara | sd/- | |
| Partner | | Hiten Shah | sd/- | |
| Membership No. 143503 | | | | |
| Place: Mumbai | | | | |
| Date: 30th, May 2013 | | | | |

Significant Accounting Policies and Notes on Accounts for the year ended 31st March, 2013

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof along with the applicable guidelines issued by Reserve Bank of India ("RBI").

1.2 Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

1.3 Revenue Recognition

- (a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.
- b) Other Income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- c) Dividend is accounted when the right to receipt is established.

1.4 Fixed Assets & Depreciation

The Company does not have any Fixed Asset as on 31st March 2013.

1.5 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Current investments are carried at lower of cost and market value whichever is less.

All other investments are classified as non current Investments. Non Current Investments are carried at cost, less provision for diminution in value other than temporary.

1.6 Taxation

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961.

1.7 Earnings per Share

The Company reports basic and diluted earnings per share in accordance with AS-20 "Earnings per Share". Basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares.

1.8 Provision

A provision is recognized when an enterprise has a present obligation as a result of past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

1.9 Contingent Liabilities

Contingent Liabilities, if any, are disclosed in the Notes on Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the approval of the accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

1.10 Advances

Advances are classified under four categories i.e. (i) Standard Assets, (ii) Sub-standard Assets, (iii) Doubtful Assets and (iv) Loss Assets in accordance with the RBI Guidelines.

Provision on restructured advances is made at in accordance with the guidelines issued by the RBI. Provision on Standard Assets is made as per the provisioning policy of the Company subject to minimum as stipulated in RBI Guidelines or where additional specific risks are identified by the management, based on such identification.

1.11 Cash Flow Statement

The Cash Flow Statement is prepared in accordance with indirect method as explained in the Accounting Standard on Cash Flow Statement (AS) 3 issued by the ICAI.

1.12 Cash and Cash Equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

1.13 Share Issue Expenses

Share issue expense is charged to the statement of Profit & Loss in the year in which it is incurred.

NOTES TO FINANCIAL STATEMENT

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|------------------------|------------------------|
| | Rs. | Rs. |
| 2 Share capital | | |
| Share Capital | | |
| Authorised | | |
| 120,000,000 (previous year 35,000,000) Equity Shares of Rs.10 each | 1,200,000,000 | 350,000,000 |
| Total authorised share capital | 1,200,000,000 | 350,000,000 |
| Issued, Subscribed and Paid up | | |
| 35,00,000 (previous year 29,00,000) equity shares of Rs. 10 each fully paid up | 35,000,000 | 29,000,000 |
| Total issued, subscribed and fully paid up share capital | 35,000,000 | 29,000,000 |
| a. Reconciliation of shares outstanding at the beginning and at the end of the year | | |
| | As at 31st March, 2013 | As at 31st March, 2012 |
| | Number of Shares | Number of Shares |
| Equity shares of Rs. 10 each | | |
| Outstanding at the beginning of the year | 2,900,000 | 2,500,000 |
| Add: Conversion of warrants | 600,000 | 400,000 |
| Outstanding at the end of the year | 3,500,000 | 2,900,000 |
| b. Terms/rights attached to equity shares | | |
| <p>The Company has issued and allotted 10,00,000 Convertible Warrants pursuant to Section 81(1)(a) of the Companies Act, 1956. In accordance of the terms of the issue of the Convertible warrants, during the year 6,00,000 warrant holders exercise the option and pursuant to the same 6,00,000 equity shares have been allotted vide Board Resolution dated 3rd August 2012. The Company has only one class of Equity Share having value of Rs. 10 Each with an entitlement of one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors are subject to the approval of the shareholders in the ensuing Annual General Meeting.</p> <p>In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.</p> | | |
| c. Details of shareholders holding more than 5% shares in the company | | |
| | As at 31st March, 2013 | As at 31st March, 2012 |
| | % of Number of shares | % of Number of shares |
| | holding | holding |
| | shares | shares |
| Equity shares of Rs. 10 each fully paid | | |
| Glint Infraprojects Pvt Ltd | 17.11 599,000 | 16.93 491,000 |
| Germane Holdings Pvt Ltd | 17.11 599,000 | 16.62 482,000 |
| Manisha Khetan | 5.15 180,400 | 6.22 180,400 |
| Kamal Khetan | - - | 5.36 155,400 |
| Kamal Khetan HUF | - - | 5.36 155,400 |
| Eskay Infrastructure Development Pvt Ltd | - - | 5.54 160,700 |
| Paripurna Trust | 5.34 187,000 | - - |
| Shraddha Trust | 5.09 178,000 | - - |
| 3 Reserves and Surplus | | |
| Securities premium account | | |
| Balance as per last financial statements | 143,370,000 | 121,770,000 |
| Add: Received during the year | 32,400,000 | 21,600,000 |
| Closing balance | 175,770,000 | 143,370,000 |
| Statutory Reserve Fund | | |
| Balance as per last financial statements | 3,438,544 | 1,199,781 |
| Add: transfers during the year | 2,450,250 | 2,238,763 |
| Closing balance | 5,888,794 | 3,438,544 |

| | | |
|--|----------------------|----------------------|
| Surplus in the statement of profit and loss | | |
| Balance as per last financial statements | 24,294,977 | 17,093,165 |
| Profit for the year | 12,251,250 | 9,440,574 |
| Balance available for appropriation | 36,546,226 | 26,533,740 |
| Less: Appropriations | | |
| Statutory Reserve Fund | 2,450,250 | 2,238,763 |
| Proposed equity dividend (Dividend per share Rs. 0.5; Previous year Nil) | 442,150 | - |
| Tax on proposed equity dividend | 75,143 | - |
| Closing balance | 33,578,684 | 24,294,977 |
| Total reserves and surplus | 215,237,477 | 171,103,521 |
| 4 Short Term Borrowings | | |
| Unsecured Loans | | |
| From other | | |
| Body corporates | 2,693,072,947 | 1,703,479,681 |
| Total short term borrowings | 2,693,072,947 | 1,703,479,681 |
| 5 Trade Payables | | |
| Trade payables | 140,415 | 129,681 |
| Total trade payables | 140,415 | 129,681 |
| 6 Other Current Liabilities | | |
| Others | | |
| Statutory dues | 4,144,270 | 3,496,080 |
| Total other current liabilities | 4,144,270 | 3,496,080 |
| 7 Short Term Provisions | | |
| (a) Contingent Provisions against Standard Assets | 2,138,046 | 2,245,953 |
| (b) Contingent Provisions against Sub-Standard Assets | 3,000,000 | - |
| (c) Provision - Others: | - | - |
| Proposed equity dividend | 442,150 | - |
| Dividend distribution tax on proposed dividend | 75,143 | - |
| Total short term provisions | 5,655,339 | 2,245,953 |
| 8 Non - Current Investments | | |
| Unquoted equity instruments | | |
| Eskay Infrastructure Development Pvt Ltd | 453,970 | 453,970 |
| 45,397 (previous year 45,397) equity shares of Rs. 10 each fully paid up | | |
| Samhrutha Habitat Infrastructure Pvt Ltd | 84,922,500 | - |
| 25,35,000 (previous year Nil) equity shares of Rs. 10 each fully paid up | | |
| Quoted equity instruments | | |
| Sundaram Multi Pap Ltd | 9,959,509 | - |
| 641,283 (previous year Nil) equity shares of Rs. 10 each fully paid up | | |
| Total non current investments | 95,335,979 | 453,970 |
| Notes | | |
| Aggregate market value of quoted investments | 11,895,800 | - |
| Aggregate amount of quoted investments (at cost) | 9,959,509 | - |
| Aggregate amount of unquoted investments | 85,376,470 | 453,970 |

| | | | |
|----|--|----------------------|----------------------|
| 9 | <u>Long Term Loans and Advances</u> | | |
| | Advance Tax (Net off Provision for Tax Rs. 61,02,122/-; Previous Year Rs. 83,76,537/-) | 9,950,535 | 17,120,341 |
| | Total long term loans and advances | 9,950,535 | 17,120,341 |
| 10 | <u>Cash and Bank Balances</u> | | |
| | Balances with bank | 10,816,052 | 3,021,902 |
| | Cash in hand | 486,194 | 43,247 |
| | Total cash and bank balances | 11,302,247 | 3,065,149 |
| 11 | <u>Short Term Loans and Advances</u> | | |
| | Unsecured, considered good | | |
| | Advances recoverable in cash or in kind or for value to be received | 1,932,080,360 | 898,387,928 |
| | Others | | |
| | OCRPS Application Money | 894,900,000 | 1,000,000,000 |
| | Advances to Employee | 20,834 | - |
| | Duties and taxes recoverable | 295,773 | 10,983 |
| | Prepaid Expenses | - | 16,545 |
| | Advance Tax (Net off Provision for Tax Rs. 72,72,972/- Previous Year Nil) | 9,364,720 | - |
| | Total short term loans and advances | 2,836,661,688 | 1,898,415,456 |

NOTES TO FINANCIAL STATEMENT

| | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|---|--------------------------------|--------------------------------|
| | Rs. | Rs. |
| 12 <u>Revenue From Operations</u> | | |
| Interest | 155,802,063 | 155,054,043 |
| Profit on Sale of Investment | 500,000 | - |
| Processing Fees | 3,810,000 | - |
| Total revenue from operations | 160,112,063 | 155,054,043 |
| 13 <u>Other Income</u> | | |
| Dividend income: | | |
| From current investments | | |
| Mutual Fund | - | 62,871 |
| Shares | 38,889 | - |
| Other non-operating income | 487,047 | - |
| Total other income | 525,936 | 62,871 |
| 14 <u>Operating Expenses</u> | | |
| Interest expense on: | | |
| Borrowings | 131,453,226 | 136,462,564 |
| Legal & Professional fees | 4,609,635 | - |
| Total direct expenses | 136,062,861 | 136,462,564 |
| 15 <u>Employee Benefits Expenses</u> | | |
| Salaries and wages | 352,517 | 775,591 |
| Staff welfare expenses | 44,460 | 90,483 |
| Others | - | 7,500 |
| Total employee benefit expenses | 396,977 | 873,574 |
| 16 <u>Other Expenses</u> | | |
| Travelling and conveyance | 498,426 | 112,631 |
| Printing and stationery | 41,926 | 20,250 |
| Provision for Standard & Sub- Standard Assets | 2,892,092 | 1,753,239 |
| Business promotion | 33,395 | 28,225 |
| Director Sitting fees | 12,500 | - |
| Legal and professional | 303,175 | 156,058 |
| Payments to auditors | 47,500 | 53,371 |
| Bank Charges | 3,285 | 6,508 |
| Annual, Listing Fees and Other fees | 470,985 | 102,757 |
| Stamp Duty & Postage | 220,352 | 25,600 |
| Brokerage and Commission | - | 600,000 |
| Rent, rates and taxes | 2,500 | 2,500 |
| Other Miscellaneous Expenses | 127,804 | 130,888 |
| Total other expenses | 4,653,940 | 2,992,027 |

Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2013

17 Other Required Disclosures;

1 Earnings Per Share

(Rs.)

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|--|-------------------------------|-------------------------------|
| Net profit for the year attributable to equity shareholders (Rs.) | 12,251,250 | 9,440,574 |
| Weighted Average No. of Equity shares outstanding for Basic Earnings per share | 3,296,164 | 2,551,366 |
| Weighted Average No. of Equity shares outstanding for Diluted Earnings per share | 3,500,000 | 3,500,000 |
| Basic Earnings per share (face valued of Rs 10/-each) | 3.72 | 3.70 |
| Diluted Earnings per share (face valued of Rs 10/-each) | 3.50 | 2.70 |

2 Related Party Disclosures

a) Related Parties

NIL

- 3 In the opinion of the Management, all Current Assets, Loans & Advances & Current Liabilities would be realizable at least of an amount equal to the amount at which they are stated in the Balance sheet. Further provisions have been made for all known & accrued liabilities.

The Following additional information is disclosed in terms of RBI Circulars: (From Note No 4 to 7 below)

(Rs. in Lacs)

| 4 | Particulars | Amount outstanding | Amount overdue |
|---|---|--------------------|-------------------|
| | <u>Liabilities side :</u> | | |
| | (1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | | |
| | (a) Debentures : Secured | - | - |
| | : Unsecured | - | - |
| | (Other than falling within the meaning of public deposits) | | |
| | (b) Deferred Credits | | |
| | (c) Term Loans | | |
| | (d) Inter-corporate loans and borrowing | 16,562.17 | - |
| | (e) Commercial Paper | | |
| | (f) Other Loans (specify nature) | | |
| | Total | 16,562.17 | - |

| | | |
|---|----------|---|
| <u>Assets side :</u> | | |
| (2) Break-up of Loans and Advances including bills receivables (Other than those included in (4) below) : | | |
| (a) Secured | - | - |
| (b) Unsecured | 8,852.18 | - |
| Total | 8,852.18 | |
| (3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | | |
| (i) Leased assets including lease rentals under Sundry debtors : | | |
| (a) Financial lease | - | - |
| (b) Operating lease | - | - |
| (ii) Stock on hire including hire charges under sundry debtors: | | |
| (a) Assets on hire | - | - |
| (b) Repossessed Assets | - | - |
| (iii) Other loans counting towards AFC activities | | |
| (a) Loans where assets have been repossessed | - | - |
| (b) Loans other than (a) above | - | - |
| Total | - | - |
| (4) Break-up of Investments : | | |
| <u>Current Investments:</u> | | |
| 1. Quoted | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (Please specify) | - | - |
| 2. Unquoted | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (Please specify) | - | - |
| <u>Long Term Investments :</u> | | |
| 1. Quoted | | |
| (i) Shares : (a) Equity | 99.60 | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | | |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (Please specify) | | |
| 2. Unquoted | | |
| (i) Shares : (a) Equity | 853.76 | |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | |
| (iv) Government Securities | - | - |
| (v) OCRPS Application Money | 8,949.00 | - |
| Total | 9,902.36 | - |

| Category | Secured / Unsecured | Total |
|--|--|-----------------------------------|
| (5) Borrower group-wise classification of assets financed as in (2) and (3) above : | | |
| <u>1. Related parties</u> | | |
| (a) Subsidiaries | | |
| (b) Companies in the same group | | |
| (c) Other related parties | | |
| <u>2. Other than related parties</u> | 8,852.18 | 8,852.18 |
| Total | 8,852.18 | 8,852.18 |
| Category | Market Value/Break up or fair value or NAV | Book Value (Net of Provisions) |
| (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): | | |
| <u>1. Related parties</u> | | |
| (a) Subsidiaries | - | - |
| (b) Companies in the same group | - | - |
| (c) Other related parties | - | - |
| <u>2. Other than related parties</u> | 9,902.36 | 9,902.36 |
| Total | 9,902.36 | 9,902.36 |
| (7) Other information | | |
| (i) Gross Non-performing Assets | | |
| (a) Related Parties | - | - |
| (b) Other than related parties | - | - |
| (ii) Net Non-Performing Assets | | |
| (a) Related Parties | - | - |
| (b) Other than related parties | - | - |
| (iii) Assets acquired in satisfaction of debt | - | - |
| Total | - | - |

5 Exposure to real Estate Sector is 52,76,73,620/- (includes Kanaka & Associates, Advait Infraprojects Pvt Ltd)

6 Company has maintained 7.84% as Capital Adequacy Ratio as on 31.03.2013

7 Pursuant to Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, a Systemically Important NBFC is required to disclose the Maturity Pattern in the Balance Sheet. Pursuant to the said provisions the borrowings by the Company from other body Corporates are payable as and when the demand been made by the Body Corporates and the Loans and advances granted during the year are perpetual and are renewed on the timely basis. Hence it is difficult to arrive at the Maturity Pattern by the Company as per the NBFC Directions.

8 Previous year's figures have been regrouped, rearranged, reclassified to the extent possible.

9 **Micro, Small and Medium Enterprises**

The management has initiated the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of Micro Small and Medium enterprises, as defined under Micro Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amount payable to such enterprises as at March 31, 2013 is made in the financial statements based on information received and available with the company.

10 Other information pursuant to provision of paragraph 3, 4A, 4C & 4D of Part II of schedule VI of the Companies Act, 1956 are either Nil or Not Applicable.

NIVEDITA MERCANTILE AND FINANCING LIMITED

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

ATTENDANCE SLIP

28TH ANNUAL GENERAL MEETING

27.09.2013

| |
|-----------|
| DP. ID |
| Client ID |

Reg. Folio No.

| |
|--|
| |
|--|

Mr./Mrs./Miss. _____

I certify that I am a registered shareholder/proxy for the registered shareholder of the company.

I hereby record my presence at the **28TH ANNUAL GENERAL MEETING OF THE COMPANY** held at MIG Club, M.I.G Colony, Bandra (East), Mumbai 400051 at 5.00 p.m. on 27.09.2013.

| | |
|-------------------------------|----------------------------|
| | |
| Proxy's name in Block Letters | Member's/Proxy's Signature |

Note: Please fill in this attendance slip and hand it over at ENTRANCE of the MEETING HALL.

-----TEAR HERE-----

NIVEDITA MERCANTILE AND FINANCING LIMITED

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

PROXY FORM

| |
|-----------|
| DP ID |
| Client ID |

Reg. Folio No.

| |
|--|
| |
|--|

I/We _____ of _____ being a member/members of Nivedita Mercantile And Financing Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us on my /our behalf at the **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the Company to be held on Friday, September 27, 2013 or at any adjournment thereof.

Signed this _____ day of _____ 2013

| |
|--------------------------------------|
| Affix a Rs. 1 Revenue Stamp |
|--------------------------------------|

Note: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.