

# **SONAL MERCANTILE LIMITED**

ANNUAL REPORT  
FOR THE FINANCIAL YEAR 2013-14  
CIN NO: L51221DL1985PLC022433

REGD. OFFICE: - 105/33, VARDHMAN GOLDEN PLAZA, ROAD NO. 44, PITAMPURA, DELHI-110034  
(WEBSITE: [www.sonalmercantile.com](http://www.sonalmercantile.com), Email id: [sonalmercantile.yahoo.in](mailto:sonalmercantile.yahoo.in))



# SONAL MERCANTILE LIMITED

REGD. OFFICE: 105/33, VARDHMAN GOLDEN PLAZA, ROAD NO. 44, PITAMPURA, DELHI-110034

CIN: L51221 DL1985PLC022433, web: www.sonalmercantile.com

## NOTICE

**Notice** is hereby given that the 29<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Friday, 08<sup>th</sup> August, 2014 at 02:00 p.m. at the Registered Office of the Company at 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi - 110034 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors' and Directors' thereon.
2. To Re-appoint the Statutory Auditors of the Company and to authorize the Board to fix their remuneration.
3. To appoint Director in place of Mr. Deep Chand Singhal (DIN: 00815681) who retires by rotation & being eligible offers himself for reappointment.
4. To appoint Director in place of Mr. Gopal Bansal (DIN: 01246420) who retires by rotation & being eligible offers himself for reappointment.

### Special Business:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

**RESOLVED THAT** Ms. Rukhsana, (DIN: 05151168) who was appointed as an Additional Director in the Capacity of Independent Director of the company to hold office till the date of Annual General Meeting, be and is hereby appointed as an ordinary Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

*For and on Behalf of the Board*  
**For Sonal Mercantile Limited**

Date: 30<sup>th</sup> June, 2014  
Place: Delhi

Sd/-  
Deep Chand Singhal  
Chairman

## NOTES:

- A. APPOINTMENT OF PROXY: A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.**
- B. Corporate Members:** Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- C.** Members/ Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting.
- D. Queries at the AGM:** Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.
- E.** Members are requested to notify any change in their address/ mandate/ bank details immediately to the share transfer Agent of the Company- M/s Skyline Financial Services Pvt Ltd.,D-153A, Okhla Industrial Area, Phase-I, New Delhi- 110 020.
- F. Book Closure:** The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 01<sup>st</sup> August, 2014 to Friday, 08<sup>th</sup> August, 2014 (both days inclusive).
- G. Inspection of Documents:** Documents referred to in the Annual General Meeting Notice are open for inspection at the registered office of the Company at all working days except Saturdays between 11 A.M. and 2 P.M. up to the date of Annual General Meeting.

## **H. Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- (i) The Notice of the AGM of the Company *inter alia* indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form is being dispatched to all the Members.
- (ii) NSDL shall also be sending the User-ID and Password, to those members whose shareholding is in the dematerialized format and whose email addresses are registered with the Company/Depository Participants(s). For members who have not registered their email address, can use the details as provided above.
- (iii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iv) Click on Shareholder – [Login](#)
- (v) Put user ID and password as initial password noted in step (i) above. Click Login.

- (vi) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vii) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
  - (viii) Select "EVEN" of Sonal Mercantile Limited
  - (ix) Now you are ready for e-Voting as Cast Vote page opens
  - (x) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (xi) Upon confirmation, the message "Vote cast successfully" will be displayed
  - (xii) Once you have voted on the resolution, you will not be allowed to modify your vote
  - (xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [csrachna@gmail.com](mailto:csrachna@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
  - IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - V. The e-voting period commences on 02<sup>nd</sup> August, 2014 (12:00 pm) and ends on 04<sup>th</sup> August, 2014 (12:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 04<sup>th</sup> July, 2014 may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - VI. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on, Friday, 04<sup>th</sup> July, 2014.
  - VII. Since the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 04<sup>th</sup> July, 2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
  - VIII. The Scrutinizer shall within a period of not exceeding three(3) working days from the conclusion of the e-Voting period unlock the votes in the presence of atleast two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - IX. The Results shall be declared on the date of AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website and on the website of NSDL within two(2) days of passing of the resolutions and communicated to the BSE Limited.
- I. **Scrutinizer:** The Company has appointed Ms. Rachna Bhasin, Practicing Company Secretary, as the Scrutinizer for the above said purpose.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF COMPANIES ACT, 2013**

**ITEM NO. 5**

Ms. Rukhsana was co-opted on the Board of Directors of the Company as an Additional Director in the capacity of Independent director of the Company to hold office until the date of ensuing annual general meeting. A notice proposing his candidate as an ordinary Director of the Company has been received. Accordingly, the same is placed before the members for consideration and appropriate decision. The Board recommends the proposed resolution for adoption in larger interest of company.

None of the Directors of the Company is concerned or interested in the proposed resolution except Ms. Rukhsana.

*For and on Behalf of the Board*  
**For Sonal Mercantile Limited**

**Date: 30<sup>th</sup> June, 2014**  
**Place: Delhi**

**Sd/-**  
**Deep Chand Singhal**  
**Chairman**

# DIRECTORS' REPORT

## Dear Members

Your Directors present the Annual Report of your Company together with the Audited Annual Accounts for the financial year ended 31<sup>st</sup> March, 2014.

## Financial Highlights

Particulars	Financial Year ended (in rupees)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Total Income	44,511,712.78	68,473,965.35
Total Expenditure	44,202,966.31	68,211,399.88
Profit/ (Loss) before tax	308,746.47	262,565.47
Profit/ (Loss) after tax	198,534.47	194,571.47
Paid-up Share Capital	147,385,250	147,385,250
Reserves and Surplus	73,369,966.68	73,193,831.21

## Year in Retrospect

During the year under review total Income of the Company was Rs. 44,511,712.78 as against Rs. 68,473,965.35 in the previous year. The Company incurred a profit of Rs. 198,534.47 after taxes. Your Directors are putting in their best efforts to improve the performance of the Company.

## Material changes and commitments affecting the financial position of the Company after the close of financial year

Save as mentioned else where in this Report, no material changes and commitments affecting the financial position of the Company has occurred between the end of the financial year of the Company- 31<sup>st</sup> March, 2014 till the date of this report.

## Dividend

In view of marginal profits made by the Company, your Directors regret their inability to recommend any dividend.

## Board of Directors

During the year under review, there has been an appointment of Ms. Rukhsana as the Additional Director in the capacity of Independent Director of the Company w.e.f. 20/05/2014 and the cessation of Mr. Anil Kumar Goyal from the Directorship of the Company w.e.f. 26/05/2014.

## Prudential Norms & Directions of RBI for NBFCs

Your company has complied with all the requirements prescribed by the Reserve Bank of India and has filed the required returns.

## Public Deposits

During the year under report, your Company has not accepted any deposits from the public in terms of the provisions of section 58A of the Companies Act, 1956.

### **Auditors**

**M/s V.N. Purohit & Co.**, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under section 224(1B) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them. Your Directors recommend their re-appointment.

### **Auditors' Report**

Comments made by the Statutory Auditors in the Auditors' Report are self-explanatory and do not require any further clarification.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

- a. Conservation of Energy & Technology Absorption:** Since the Company is not engaged in any manufacturing activity, issues relating to conservation of energy and technology absorption are not quite relevant to its functioning.
- b. Export Activities:** There was no export activity in the Company during the year under review. The Company has no immediate plans for export in the near future as well.
- c. Foreign Exchange Earnings and Outgo:** There was no Foreign Exchange earnings and outgo during the year under review.

### **Particulars of Employees**

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and hence no particulars are required to be disclosed in this Report.

### **Vigil Mechanism**

The Board of Directors has established Vigil Mechanism for directors and employees.

### **Directors' Responsibility Statement**

In terms of the provisions of section 217(2AA) of the Companies Act, 1956, and to the best of their knowledge and belief and according to the information and explanations obtained by them and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your Directors confirm that:

- a.** in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b.** the directors have selected such accounting policies and applied them consistently and 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 at 31<sup>st</sup> March, 2014 and of the profit of the Company for the year ended on that date;

- 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 had prepared the Annual Accounts on a going concern basis;
- e. the directors had laid down internal financial controls to be followed by the company and that such internal controls are adequate and were operating effectively; and
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that systems were adequate and operating effectively.

### **Stock Exchange Listing**

The Equity Shares of the Company are listed at the Delhi Stock Exchange. The Company has already paid listing fees for the financial year 2014-15 to the DSE.

### **Corporate Governance**

Clause 49 of the Listing Agreement relating to the Corporate Governance is applicable to the Company. Corporate Governance report pursuant to Clause 49 of Listing Agreement is annexed herewith.

### **Audit Committee**

Pursuant to Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956, The Audit Committee has been Reconstituted with three directors as its members namely Mr. Vikram Sharma, Ms. Rukhsana and Mr. Gopal Bansal.

### **Acknowledgement**

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and assistance the Company has received from Banks and various Government Departments. The Board also places on record its appreciation of the devoted services of the employees; support and co-operation extended by the valued business associates of the Company.

*For and on Behalf of the Board  
For Sonal Mercantile Limited*

**Date:** 30<sup>th</sup> June, 2014  
**Place:** Delhi

**Sd/-**  
**Gopal Bansal**  
**Director**

**Sd/-**  
**Deep Chand Singhal**  
**Director**



**Certificate on Compliance with Clause 49 of the Listing Agreement**  
**(Corporate Governance Compliance Certificate)**

**To**

**The Members of Sonal Mercantile Limited**

We have examined the compliance of conditions of Corporate Governance by Sonal Mercantile Limited for the year ended 31<sup>st</sup> March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no grievance is pending for a period exceeding one month with the Company.

We further 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.

**Place: New Delhi**  
**Date: 30<sup>th</sup> June, 2014**

**Sd/-**  
**Rachna Bhasin**  
**Practicing Company Secretary**  
**Membership No: 23539**

# **CORPORATE GOVERNANCE REPORT**

## **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Board of Directors are focused on the meeting their prime objective of maximization of shareholders wealth. The Listing Agreement entered into by the Company with the Stock Exchanges contemplates compliance with the Code of Corporate Governance. The Company conducts its affairs with a blend of the following aspects in their required proportions:

- Prudence
- Transparency
- Accountability
- Impartial treatment for all shareholders
- Operating under the purview of the statute.
- Ethical Practices
- Shareholder's wealth maximization

As a part of the compliances of the revised Clause 49 of Listing Agreement, the Company presents hereunder the required disclosures in the form of a Report for information of all the stakeholders.

## **BOARD OF DIRECTORS**

The Board of Directors comprises SIX members consisting of TWO Independent-Non executive directors.

### **Composition and Category of Directors:**

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No. of other Director-ships</b>	<b>Attendance at Board Meetings</b>	<b>Attendance at previous AGM</b>
SUNIL KUMAR	Whole-Time Director	Executive	NIL	YES	YES
VIKRAM SHARMA	Director	Non-Executive	2	YES	YES
VISHNU MITTAL	Director	Non-Executive	1	YES	YES
DEEP CHAND SINGHAL	Director	Non-Executive	NIL	YES	YES
GOPAL BANSAL	Director	Non-Executive	2	YES	YES
RUKHSANA	Director	Non-Executive	1	YES	YES

### **Meetings of the Board of Directors**

The Board of Directors met 24 times during the financial year.

### **Information supplied to the Board**

The Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committees. In addition to the regular business items, the following are regularly placed before the Board to the extent applicable.

- Quarterly and Half yearly results of the Company
- Minutes of the Audit Committee and other Committee meetings
- Details of Agreements entered into by the Company
- Particulars of Non-Compliance of any statutory or Listing requirement

### **Minutes of the Board Meeting**

The minutes of the proceedings of every Board and all committee meetings are prepared and approved/initialed by the Chairman within 30 days from the conclusion of the respective meeting.

### **Code of Ethics**

The Company has prescribed a code of ethics for its Directors and senior management personnel. A declaration by the Executive Director to the effect that all the Directors and the senior management personnel have complied with the Code of Ethics laid down for this purpose for the year 2013-2014 is given below:

### **Declaration – Code of Conduct**

This is to confirm that the Board of Directors has laid down a code of conduct for all Directors and senior management personnel of the Company. It is further confirmed that all the Directors and senior management personnel of the Company have duly complied with the Company's Code of Conduct during the financial year 2013-2014, as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

*For and on Behalf of the Board*  
**For Sonal Mercantile Limited**

**Date:** 30<sup>th</sup> June, 2014  
**Place:** Delhi

**Sd/-**  
**Deep Chand Singhal**  
**Chairman**

### **BOARD COMMITTEES:**

The Board of Directors has set up committees of Directors to deal with various matters of specific nature which require concentrated and more focused attention and to arrive at quick and timely decisions in these matters.

The Board of Directors has delegated its certain powers to the committees of Directors and these committees shall exercise such power and give the report of the output to the Board for approval at subsequent meetings. The Board has constituted three committees viz. Audit Committee, Remuneration Committee and Investor Grievance Committee.

## AUDIT COMMITTEE

### Terms of Reference:

The terms of reference of the Audit committee include the following:

1. Review of the quarterly, half yearly and annual financial results of the Company before submission to the Board.
2. Overseeing the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. Holding periodic discussions with statutory auditors and internal auditors of the Company concerning the accounts of the company, internal control systems, scope of audit and observations of auditors.
4. Making recommendations to the Board on any matter relating to the financial management of the Company, including the audit report.
5. Recommendations with respect to appointment and removal of external auditors, fixation of audit fees and also approval of fee for any other services by the auditors.
6. Investigating into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary.
7. Making recommendations to the Board on any matter relating to the financial management of the Company.

During the year, Four Audit Committee meetings were held respectively on 28.05.2013, 10.08.2013, 08.11.2013 and 12.02.2014.

### Composition of Audit committee:

The Audit Committee of the Company was Reconstituted as follows:

(The resignation of Mr. Anil Kumar Goyal was taken place from the post of Independent Director of the company and Ms. Rukhsana, Independent Director was elected as a member of Audit Committee although Mr. Anil Kumar Goyal has attended all the meetings of Audit committee held in the financial year 2013-14)

Meetings of the Committee and Attendance of the Members during 2013-2014	Meetings held	Meetings Attended
Mr. Vikram Sharma	4	4
Mr. Gopal Bansal	4	3
Ms. Rukhsana	0	0

## 4. REMUNERATION COMMITTEE:

### Terms of Reference:

The Remuneration Committee constituted by the Company is responsible for looking into the remuneration payable to the Whole-time Directors and other Employees of the Company. The Non-Executive Directors of the Company are not entitled for any remuneration other than fee payable for attending Board & Committee Meetings. The Committee frames the policy on specific remuneration packages for Whole-time Directors including pension rights and compensation payments. The Committee also approves the Remuneration Policy for employees other than Whole-time Directors as may be recommended to it. The Company has a regular appraisal Policy for all employees

## Composition

The Remuneration Committee of the Company is constituted with **three** directors, viz.

Mr. Vikram Sharma
Mr. Gopal Bansal
Ms. Rukhsana

## Meetings of the Committee and Attendance

The Remuneration Committee did not meet during the year since there were no occasions which called for it.

## Remuneration Policy:

The remuneration of the Executive Director is fixed by the Remuneration Committee as constituted above. The Non-Executive Directors are not paid any remuneration. The remuneration of Employees other than Whole-time Directors is approved by the Remuneration Committee based on recommendations made to it .

Non-Executive Directors are only entitled to sitting fees for attending Board and Committee Meetings

## 5. SHAREHOLDER'S/INVESTOR'S GRIEVANCE COMMITTEE

### Composition as on date

The Investor's Grievance Committee of the Company has been Reconstituted with Three Directors viz.

Mr. Vikram Sharma
Mr. Gopal Bansal
Ms. Rukhsana

No investor complaints are pending as on the date of Director's Report. The Company does not have any pending share transfers as on the date of Director's Report.

## 6. ANNUAL GENERAL MEETINGS

Details of last three Annual General Meeting is given below:

Day	Date	Time	Venue
Tuesday	05.07.2011	11:30 AM	105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, India
Saturday	29.09.2012	11:30 AM	105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, India
Friday	16.08.2013	11:00 AM	105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, India

**No resolution was placed for voting by Postal ballot in the previous Annual General Meeting.**

## 7. DISCLOSURES

- No transaction of material nature has been entered into by the company with directors or management and their relatives etc that may have a potential conflict with the interests of the company. The Register of contracts containing transactions in which directors are interested is placed before the Board regularly.
- There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or Stock Exchanges does not arise.
- The Company is in compliance with all the mandatory requirements of Corporate Governance and has fulfilled the non- mandatory requirements as prescribed in Annexure 1D of the revised Clause 49 of the Listing Agreement with Stock Exchanges.
- The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in the preparation of Financial Statements.
- The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework.
- The Company has adopted with the Code of Conduct applicable to all Directors, senior management and employees. The Declaration as required under Clause 49 is as below:

“All the Directors and Senior Management of the Company have affirmed compliance with the Company’s Code of Conduct for the financial year ended 31<sup>st</sup> March, 2014”

*For and on Behalf of the Board*  
**For Sonal Mercantile Limited**

**Date:** 30<sup>th</sup> June, 2014  
**Place:** Delhi

**Sd/-**  
**Deep Chand Singhal**  
**Chairman**

- **CEO Certification:** The Executive Director has given a certificate as contemplated in Clause 49 of the Listing Agreement.
- The requirements of the Audit and other Committees as contemplated in Clause 49 have been complied with as per the report set above in respect of the same.

## 8. MEANS OF COMMUNICATION

The Company has published financial results within time specified i.e. 48 hours as required by the Listing agreement. No targeted presentations were made during the year under review. The Management Discussion & Analysis Report forms part of the Annual Report of the Company as required under the Listing Agreement.

## 9. GENERAL SHAREHOLDER INFORMATION

- 1) Annual General Meeting Schedule: Friday the 08<sup>th</sup> August, 2014 at 02.00 PM at 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi – 110034.
- 2) Financial Calendar (2014-2015) (Tentative) :  
The Financial year of the Company is 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial Year reporting for	Proposed date
Un-audited Financial Results for quarter ended 30.06.2014	Last week of July, 2014
Un-audited Financial Results for quarter ended 30.09.2014	Last week of October, 2014
Un-audited Financial Results for quarter ended 31.12.2014	Last week of January, 2015
Un-audited Financial Results for quarter ended 31.03.2015	Last week of April, 2015
Annual General Meeting	August, 2015

- 3) Dates of Book Closure : 01.08.2014 to 08.08.2014 (both days inclusive)
- 4) Dividend Payment Date : Not Applicable
- 5) Listing at Stock Exchanges : Delhi Stock Exchange (DSE)
- 6) Listing Fees : The Listing fees for the year 2013-2014 paid to DSE
- 7) Scrip Code : 5053
- 8) ISIN No. : INE321M01017
- 9) CIN No. : L51221DL1985PLC022433
- 10) Registrar & Share Transfer Agents : Skyline Financial Services Pvt Ltd  
D-153 A, 1st Floor, Okhla Industrial Area,  
Phase - I, New Delhi - 110 020  
Tel No. 011-26812682
- 11) Share Transfer process : Nothing is pending in physical transfer as on the date and all the dematerialisation requests have been processed no request is pending for more than 21 days from the date of receipt.

12) Shareholding pattern as on: 31<sup>st</sup> March, 2014.

<b>Category</b>	<b>Number of Equity Shares held</b>	<b>% of Shareholding</b>
Promoters	<b>753280</b>	<b>5.11</b>
Corporate Bodies	<b>9262615</b>	<b>62.85</b>
Overseas Corporate Bodies	-----	-----
Public	<b>4722630</b>	<b>32.04</b>
<b>Total</b>	<b>14738525</b>	<b>100.00</b>

13) Dematerialization of shares: The Company has entered into an Agreement with M/s Skyline Financial Services Pvt. Limited as Registrar and Share Transfer Agents. As on the date of this report, all the shares held in dematerialization form.

14) Outstanding Bonds/ Convertible Instruments : NIL

15) Address for Communication and Registered Office : 105/33, Vardhman Golden Plaza Road No. 44, Pitampura, Delhi – 110034  
Tel: 011- 65656577  
Website: [www.sonalmercantile.com](http://www.sonalmercantile.com)  
E-Mail: [sonalmercantile@yahoo.in](mailto:sonalmercantile@yahoo.in)





## **Independent Auditor's Report**

### **To The Members of Sonal Mercantile Limited**

#### **Report on the financial statements**

We have audited the accompanying financial statements of **Sonal Mercantile Limited ('the company')** which comprise the balance sheet as at 31<sup>st</sup> March 2014, the statement of the profit and loss and the cash flow statement for the year then ended, and a summary of the 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") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

#### **Auditor's 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 Institute of Chartered Accountant of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from material misstatements.

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 assessment of 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the 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 audit opinion.

## **Opinion**

In our opinion and best to our information and according to the explanations given to us, the financial statements read together with notes thereon give the information required by 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 the affairs of the company as at 31<sup>st</sup> March 2014,
- b. In case of the statement of the profit and loss, of the profit for the year ended on that date.

## **Report on other legal and the 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 purposes 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 and Statement of Profit & Loss referred to in this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section(3C) of section211 of the Companies Act,1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e. On the basis of the written representations received from the Directors and taken on records by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March 2014 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

As per Non-Banking Financial Companies Auditors Report (Reserve Bank) Directions, 1998 issued by Reserve Bank of India vide Notification No. DFC 117/DG(SPT)-98 dated January 2, 1998, we further report to the extent to which matters specified therein are applicable to the company that :

- (i) The company is a Non-Banking Financial Company not accepting public deposit and the certificate of registration no. B-14-02393 dated 19.07.2002 from Reserve Bank of India has been issued to the company.
- (ii) The Board of Directors of the company has passed a resolution for the non-acceptance of any public deposits.
- (iii) The company has not accepted any public deposits during the relevant year.
- (iv) The company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it.

**For V.N. PUROHIT & CO.**  
**Firm Regn. No. 304040E**  
Chartered Accountants

**Place :** New Delhi  
**Date :** 30<sup>th</sup> May, 2014

**Sd/-**  
**O.P. Pareek**  
Partner  
M.No.014238

## **Annexure to Auditors Report**

**Referred to in paragraph 1 of the Our Report of even date to the members of Sonal Mercantile Limited ('the company') on the accounts of the company for the year ended 31<sup>st</sup> March, 2014.**

1. In respect of its fixed assets:
  - a)The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c)In our opinion, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected.
  
2. In respect of its inventories:
  - a)The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c)The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
  
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)In our opinion, and according to the information and explanation given to us, the company has not granted any loans, secured or unsecured during the year to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements as per clause (iii) (e) of paragraph 4 of the order are not applicable in case of the company.
  - b) The Company has not taken any loans, secured or unsecured during the year from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements as per clause (iii) (f) and (iii) (g) of paragraph 4 of the order are not applicable in case of the company.

4. In our opinion, and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods or services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. As explained and according to information given to us there has not been any contract or arrangement referred to in section 301 of the Act, particulars of which need to be entered in the register required to be maintained under section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the Company not accepted any deposits from public within the meaning of sections 58A, 58AA and other relevant provisions of the Companies Act 1956,. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the company.
7. In our opinion, the Company has an internal audit system commensurate with the size of the company and the nature of its business.
8. The cost record maintained by the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company.
9. In respect of statutory dues:
  - a)According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amount payable in respect of the aforesaid statutory dues were outstanding as at 31.03.2014 for a period of more than six months from the date of becoming payable.
  - b) According to the information and explanations given to us, there are no outstanding statutory dues on the part of company which is not deposited on account of dispute.
10. The company does not have accumulated losses at the end of financial year. The company has not incurred any cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. on the basis of books and records examined by us and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, Banks or debenture holders during the year.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, and in our opinion, adequate documents and records are maintained.

13. The Company is not a chit fund, nidhi or mutual benefit society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has kept adequate records of its transactions and contracts in shares, securities, debentures and other investments and timely entries have been made therein. The shares, securities, debentures and other investments held by the company, in it's own name.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by other from bank or financial institutions.
16. As per information and explanations given to us, term loans obtained by the company has been utilised for the purpose for which they are obtained .
17. According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us no preferential allotment of shares has been made by the company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order is not applicable to the company.
20. As explained to us, the Company has not raised any money through a public issue during the year.
21. According to the information and explanations given to us, a fraud on or by the company has not been noticed or reported during the year.

**For V.N. PUROHIT & CO.**  
**Firm Regn. No. 304040E**  
Chartered Accountants

**Place :** New Delhi  
**Date :** 30<sup>th</sup> May, 2014

Sd/-  
**O.P. Pareek**  
Partner  
M.No.014238

**SONAL MERCANTILE LIMITED**

BALANCE SHEET AS ON 31ST MARCH, 2014

Particulars	Notes	31st March 2014 (Rupees)	31st March 2013 (Rupees)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' fund</b>			
Share Capital	3	147,385,250.00	147,385,250.00
Reserves and Surplus	4	73,369,966.68	73,193,831.21
<b>Non-current liabilities</b>			
Long-term Borrowings	5	497,754.02	1,787,117.70
Long-Term Provisions	6	393,526.00	371,127.00
<b>Current liabilities</b>			
Trade Payables	7	-	1,000,000.00
Other Current Liabilities	8	971,573.90	188,225.00
Short-Term Provisions	9	187,901.00	81,133.00
<b>Total</b>		<b>222,805,971.60</b>	<b>224,006,683.91</b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Fixed Assets			
(i) Tangible Assets	10	2,161,429.00	2,884,781.00
Deferred Tax Assets (net)	11	103,968.00	13,139.00
Capital & amortised expenses not w/off	12	413,231.80	569,203.60
<b>Current Assets</b>			
Short- term loan and advances	13	210,734,804.00	204,967,608.00
Inventories	14	3,960,600.00	-
Trade Receivables	15	-	12,992,780.79
Other Current Assets	16	5,167,651.00	898,416.00
Cash and Cash Equivalents	17	264,287.80	1,680,755.52
<b>Total</b>		<b>222,805,971.60</b>	<b>224,006,683.91</b>
Summary of significant accounting policies	2	-	-

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**FOR V.N. PUROHIT & CO.**  
Firm Regn. No. 304040E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Sonal Mercantile Limited

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

Sd/-  
Gopal Bansal  
Director

Sd/-  
Deep Chand Singhal  
Director

Sd/-  
Deepika Rathore  
Secretary

New Delhi, the 30th day of May 2014

# **SONAL MERCANTILE LIMITED**

STATEMENT OF TRADING & PROFIT AND LOSS FOR THE PERIOD ENDED ON 31ST MARCH, 2014

Particulars	Notes	From 1st April 2013 to 31st March 2014 (Rupees)	From 1st April 2012 to 31st March 2013 (Rupees)
<b>A. CONTINUING OPERATIONS</b>			
<b>Income</b>			
Revenue from operations	18	44,511,712.78	68,473,965.35
<b>Total Revenue (I)</b>		<b>44,511,712.78</b>	<b>68,473,965.35</b>
<b>Expenses</b>			
Purchases of stock in trade	19	42,853,483.42	60,633,163.37
Changes in inventories	20	(3,960,600.00)	3,665,430.00
Employee benefit expenses	21	3,072,346.00	2,372,930.00
Finance costs	22	192,673.22	61,644.23
Depreciation & amortization expenses	23	758,952.00	279,456.00
Other administrative expenses	24	1,286,111.67	1,198,776.28
<b>Total (II)</b>		<b>44,202,966.31</b>	<b>68,211,399.88</b>
<b>Profit/ (loss) before tax ( I - II)</b>		308,746.47	262,565.47
<b>Tax expenses</b>			
Current Tax		201,041.00	81,133.00
Deferred tax		(90,829.00)	(13,139.00)
<b>Total Tax Expenses</b>		<b>110,212.00</b>	<b>67,994.00</b>
<b>Profit/ (loss) for the year after tax (PAT)</b>		<b>198,534.47</b>	<b>194,571.47</b>
Less: Contingent provision against standard assets		22,399.00	371,127.00
Less: Special reserve u/s 45-IC of the RBI Act, 1934		39,707.00	38,914.00
<b>Profit available for dividend distribution</b>		<b>136,428.47</b>	<b>(215,469.53)</b>
Less: proposed dividend on equity		-	-
Less: provision for dividend distributors tax		-	-
<b>Net profit transfer to appropriation</b>		<b>136,428.47</b>	<b>(215,469.53)</b>
<b>Earning per share (EPS)</b>			
[nominal value of share Rs. 10/-]			
Basic		0.0135	0.0132
Diluted		0.0135	0.0132
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

FOR V.N. PUROHIT & CO.  
Firm Regn. No. 304040E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Sonal Mercantile Limited

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

Sd/-  
Gopal Bansal  
Director

Sd/-  
Deep Chand Singhal  
Director

Sd/-  
Deepika Rathore  
Secretary

New Delhi, the 30th day of May 2014



**SONAL MERCANTILE LIMITED**

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2014

	For the year ended 31st March 2014 (Rupees)	For the year ended 31st March 2013 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and after extra- ordinary items (As per profit & loss account)	1,223,670.27	711,563.27
Adjustments for items not included	-	-
Operating Profit before working capital changes	1,223,670.27	711,563.27
<u>Working capital adjustments: -</u>		
(Increase)/ decrease in current loans and advances	(5,767,196.00)	(53,744,633.00)
(Increase)/ decrease in Trade receivables	12,992,780.79	(12,991,769.50)
(Increase)/ decrease in inventories	(3,960,600.00)	3,665,430.00
(Increase)/ decrease in other Current Assets	(4,269,235.00)	-
Increase/ (decrease) in Trade Payables	(1,000,000.00)	-
Increase/ (decrease) in current liabilities	783,348.90	1,173,225.00
Cash generated from operations	2,768.96	(61,186,184.23)
Direct Taxes Paid	(94,273.00)	(274,589.00)
<b>Net cash flow from operating activities (A)</b>	<b>(91,504.04)</b>	<b>(61,460,773.23)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceed from sale of investments	-	63,819,000.00
Expenses for capital expenses	-	(600,450.00)
Purchase of fixed assets	(35,600.00)	(3,157,938.00)
<b>Net cash flow from investing activities (B)</b>	<b>(35,600.00)</b>	<b>60,060,612.00</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	-	-
Increase/ (decrease) in secured loans	(1,289,363.68)	1,787,117.70
<b>Net cash flow from financing activities (C)</b>	<b>(1,289,363.68)</b>	<b>1,787,117.70</b>
<b>Net cash flow during the year (A + B + C)</b>	<b>(1,416,467.72)</b>	<b>386,956.47</b>
Add: Opening cash and cash equivalents	1,680,755.52	1,293,799.05
<b>Closing cash and cash equivalents</b>	<b>264,287.80</b>	<b>1,680,755.52</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	5,611.00	382,774.00
Deposit with banks in current accounts	210,676.80	1,297,981.52
Cheque in Hand	48,000.00	-
<b>Toal cash and cash equivalents (note 8)</b>	<b>264,287.80</b>	<b>1,680,755.52</b>
	(0.00)	(0.00)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

FOR V.N. PUROHIT & CO.  
Firm Regn. No. 304040E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Sonal Mercantile Limited

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

Sd/-                      Sd/-                      Sd/-  
Gopal Bansal      Deep Chand Singhal      Deepika Rathore  
Director              Director              Secretary

New Delhi, the 30th day of May 2014

**SONAL MERCANTILE LIMITED**  
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1<sup>ST</sup> APRIL 2013 TO 31<sup>ST</sup> MARCH 2014

**1. Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended from time to time) and the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies not specifically referred, are consistently applied from the past accounting periods.

**2. Summary of significant accounting policies**

**a. Changes in accounting policy**

Accounting policies unless specifically stated to be otherwise are consistent and are in accordance with generally accepted accounting principles.

**b. Revenue recognition**

Having regard to the size, nature and level of operation of the business, the company is applying accrual basis of accounting for recognition of income earned and expenses incurred in the normal course of business.

**c. Fixed assets:**

Fixed Assets are valued at cost of purchase and/or construction as increased by necessary expenditure incurred to make them ready for use in the business.

**d. Inventories**

Inventories include investments in shares & bonds of other companies. The company classifies such investments & bonds as inventory and valuation of them has been made at lower of cost or market value. However, unquoted investments are stated at cost.

**e. Depreciation**

The company charged depreciation on its fixed assets on WDV method as per rates prescribed under Schedule XIV of the Companies Act, 1956.

**f. Taxes on income**

Current taxes on income have been provided by the Company in accordance with the relevant provisions of the Income Tax Act, 1961. Current Tax Include Rs. 13140 of Previous Year Income Tax. Deferred Taxes has been recognised on timing differences between accounting income and taxable income subject to consideration of prudence.

Signed for the purpose of Identification

**FOR V.N. PUROHIT & CO.**  
**Chartered Accountants**  
Firm Regn. 304040E

For and on behalf of Board of Directors of  
**Sonal Mercantile Limited**

Sd/-  
**O.P. Pareek**  
Partner  
Membership No. 014238

Sd/-                      Sd/-                      Sd/-  
**Gopal Bansal   Deep Chand Singhal   Deepika Rathore**  
Director                      Director                      Secretary

New Delhi, the 30<sup>th</sup> day of May 2014

**SONAL MERCANTILE LIMITED**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST APRIL 2013 TO 31ST MARCH 2014

3. Share capital	As at 31st March 2014 (Rupees)	As at 31st March 2013 (Rupees)
<b>Authorised shares</b>		
1,47,40,000 (P.Y. 1,47,00,000) Equity Shares of Rs.10/- each	147,400,000.00	147,400,000.00
<b>Issued, subscribed and fully paid- up shares</b>		
1,47,38,525(P.Y.1,47,38,525) Equity Shares of Rs.10/-each fully paidup	147,385,250.00	147,385,250.00
<b>Total issued, subscribed and fully paid- up share capital</b>	<b>147,385,250.00</b>	<b>147,385,250.00</b>

**a. Reconciliation of Shares outstanding at the beginning and at the end of reporting period**

	As at 31st March 2014		As at 31st March 2013	
	No.	(Rupees)	No.	(Rupees)
Share Capital at the beginning of the period	14,738,525	147,385,250.00	549,000	5,490,000.00
Issue during the period: -				
Equity share capital - allotted for consideration other than cash	-	-	2,398,705	23,987,050.00
Equity share capital-bonus issue 4:1	-	-	11,790,820	117,908,200.00
<b>Outstanding at the end of the period</b>	<b>14,738,525</b>	<b>147,385,250.00</b>	<b>14,738,525</b>	<b>147,385,250.00</b>

**b. Terms and rights attached to equity shares**

The company has issued only one class of equity share having a par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividend if any, in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholder.

**c. Details of shareholders holding more than 5% shares in the company**

as per list attached

4. Reserves and surplus	As at 31st March 2014 (Rupees)	As at 31st March 2013 (Rupees)
<u>Securities premium account</u>		
Opening balance	72,529,750.00	190,437,950.00
Add: Premium on share capital	-	-
Less: Utilized/ transfer during the period	-	117,908,200.00
Closing balance	72,529,750.00	72,529,750.00
<u>Special reserves u/s 45-IC of the RBI Act, 1934</u>		
Opening balance	261,014.00	222,100.00
Add: transfer from P&L a/c during the year	39,707.00	38,914.00
Less: Utilized/ transfer during the period	-	-
Closing balance	300,721.00	261,014.00
<u>Surplus/ (deficit) in statement of profit &amp; loss</u>		
Balance as per last financial statements	403,067.21	618,536.74
Add: Profit/ (loss) for the year	136,428.47	(215,469.53)
Less: Utilized/ transfer during the period	-	-
Net (deficit) in statement of profit and loss	539,495.68	403,067.21
	<b>73,369,966.68</b>	<b>73,193,831.21</b>

**FOR V.N. PUROHIT & CO.**  
Firm Regn. No. 304040E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Sonal Mercantile Limited

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238  
New Delhi, the 30th day of May 2014

Sd/- Gopal Bansal Director	Sd/- Deep Chand Singhal Director	Sd/- Deepika Rathore Secretary
----------------------------------	--	--------------------------------------

**SONAL MERCANTILE LIMITED**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST APRIL 2013 TO 31ST MARCH 2014

<b>5. Long-term Borrowings</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
BMW Financial Services - Car Loan	1,180,054.92	1,787,117.70
Less : Current Maturity of long term loan	682,300.90	-
	<u>497,754.02</u>	<u>1,787,117.70</u>
<b>6. Long-term provisions</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Contingent provision against standard assets*</b>		
Opening Balance	371,127.00	-
Add: Addition(written off) during the year	22,399.00	371,127.00
	<u>393,526.00</u>	<u>371,127.00</u>
*A contingent provision against standard assets has been created at 0.25% of the outstanding standard assets in terms of the RBI circular Ref. No. DNBS(PD) CC No. 225/03.02.001/2011-12 dated July 1, 2011.		
<b>7. Trade Payables</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Sundry creditors	-	1,000,000.00
	<u>-</u>	<u>1,000,000.00</u>
<b>8. Other Current Liabilities</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Audit fee payable	11,236.00	11,236.00
Salary payable	249,150.00	171,850.00
TDS Payable	1,237.00	5,139.00
Other Expenses Payable	27,650.00	-
Current Maturity of long term loan (Car Loan)	682,300.90	-
	<u>971,573.90</u>	<u>188,225.00</u>
<b>9. Short-term provisions</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Provision for income tax	187,901.00	81,133.00
	<u>187,901.00</u>	<u>81,133.00</u>
<b>11. Deferred tax assets</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Opening Balance	13,139.00	-
Add: Addition during the year	90,829.00	13,139.00
	<u>103,968.00</u>	<u>13,139.00</u>
<b>12. Capital &amp; amortised expenses not w/off</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Preliminary Expenses</b>		
Opening Balance	7,920.00	17,440.00
Add: addition during the year	-	-
Less: written off during the year	4,920.00	9,520.00
(A)	<u>3,000.00</u>	<u>7,920.00</u>
<b>Deferred revenue expenses</b>		
Opening Balance	561,283.60	120,855.40
Add: addition during the year	-	600,450.00
Less: written off during the year	151,051.80	160,021.80
(B)	<u>410,231.80</u>	<u>561,283.60</u>
	<u>413,231.80</u>	<u>569,203.60</u>

FOR V.N. PUROHIT & CO.  
Firm Regn. No. 304040E  
Chartered Accountants

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

For and on behalf of the Board of Directors of  
Sonal Mercantile Limited

Sd/- Sd/- Sd/-  
Gopal Bansal Deep Chand Singhal Deepika Rathore  
Director Director Secretary

New Delhi, the 30th day of May 2014

**SONAL MERCANTILE LIMITED**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST APRIL 2013 TO 31ST MARCH 2014

<b>13. Short-term loan and advances</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Loans portfolio*	157,410,285.00	148,450,628.00
(recoverable in cash or kind, unsecured, considered good)	<b>(A) 157,410,285.00</b>	<b>148,450,628.00</b>
Advances against investment & others	53,324,519.00	56,516,980.00
(recoverable in cash or kind, unsecured, considered good)	<b>(B) 53,324,519.00</b>	<b>56,516,980.00</b>
<b>Total (A + B)</b>	<b>210,734,804.00</b>	<b>204,967,608.00</b>
*Standard Assets - as per The classification of loans under the RBI guidelines.		
<b>14. Inventories</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Stock in trade	3,960,600.00	-
	<b>3,960,600.00</b>	<b>-</b>
<b>15. Trade Receivables</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Sundry Debtors for goods	-	12,192,780.79
Sundry Debtors for others	-	800,000.00
	<b>-</b>	<b>12,992,780.79</b>
<b>16. Other Current Assets</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
TDS receivable form I.T. Department	1,929,963.00	898,416.00
TDS receivable form BMW Financial Services	7,433.00	-
Prepaid Insurance of Car	50,255.00	-
Interest Accrued But Not Received	3,180,000.00	-
	<b>5,167,651.00</b>	<b>898,416.00</b>
<b>17. Cash and cash equivalents</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Cash in hand	5,611.00	382,774.00
Balances with banks	210,676.80	1,297,981.52
Cheque in Hand	48,000.00	-
	<b>264,287.80</b>	<b>1,680,755.52</b>
<b>18. Revenue from operations</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31st March 2014</b>	<b>31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Sales	31,950,808.78	54,707,203.35
Interest income	12,560,904.00	13,766,762.00
	<b>44,511,712.78</b>	<b>68,473,965.35</b>
<b>19. Purchase of trade goods</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31st March 2014</b>	<b>31st March 2013</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Purchases of stock in trade	42,853,483.42	60,633,163.37
	<b>42,853,483.42</b>	<b>60,633,163.37</b>

FOR V.N. PUROHIT & CO.  
Firm Regn. No. 304040E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Sonal Mercantile Limited

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

Sd/-                      Sd/-                      Sd/-  
Gopal Bansal          Deep Chand Singhal      Deepika Rathore  
Director                  Director                      Secretary

New Delhi, the 30th day of May 2014



**SONAL MERCANTILE LIMITED**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST APRIL 2013 TO 31ST MARCH 2014

Note - 10 (Fixed Assets)

(Amount in Rupees)

Tangible assets	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Balance as at 1 April, 2013	Additions / Deletion	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation during the year	Balance as at 31 March, 2014	W.D.V. as on 31.03.2014	W.D.V. as on 31.03.2013
<b>Tangible Assets</b>									
(a) Furniture and Fixtures	18.10%	14,000.00	-	14,000.00	8,841.00	934.00	9,775.00	4,225.00	5,159.00
(b) Motor Car	25.89%	3,157,938.00	-	3,157,938.00	278,316.00	745,534.00	1,023,850.00	2,134,088.00	2,879,622.00
(b) Computer	40.00%	-	35,600.00	35,600.00	-	12,484.00	12,484.00	23,116.00	-
<b>Total</b>		<b>3,171,938.00</b>	<b>35,600.00</b>	<b>3,207,538.00</b>	<b>287,157.00</b>	<b>758,952.00</b>	<b>1,046,109.00</b>	<b>2,161,429.00</b>	<b>2,884,781.00</b>
<b>Previous year</b>		<b>14,000.00</b>	<b>3,157,938.00</b>	<b>3,171,938.00</b>	<b>7,701.00</b>	<b>279,456.00</b>	<b>287,157.00</b>	<b>2,884,781.00</b>	<b>6,299.00</b>

FOR V.N. PUROHIT & CO.  
Firm Regn. No. 304040E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Sonal Mercantile Limited

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

Sd/-                      Sd/-                      Sd/-  
Gopal Bansal      Deep Chand Singhal      Deepika Rathore  
Director              Director              Secretary

New Delhi, the 30th day of May 2014

**SONAL MERCANTILE LIMITED**  
 NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD  
 FROM 1<sup>ST</sup> APRIL 2013 TO 31<sup>ST</sup> MARCH 2014

25. There is no Micro, Small and Medium Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 to which Company owes dues which are outstanding for a period more than 45 days as on Balance Sheet Date.

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information availed with the Company and has been duly relied by the auditors of the Company.

26. Provisions of Accounting Standard (AS) - 17 issued by the ICAI on 'Segment Reporting' are not been applicable to the Company.
27. Deferred Tax Assets and Liabilities are recognised in respect of current year and prospective years. Deferred Tax Asset is recognised on the basis of reasonable / virtual certainty that sufficient future taxable income will be available against which the same can be realized.
28. In the opinion of the management, the current assets, loans and advances have a reliable value in the ordinary course of business is not less than the amount at which they are stated in the Balance Sheet.
29. **Related party disclosures/ transactions**  
 There is no transaction entered with the related party covered by the Accounting Standard (AS) - 18 on 'Related Party Disclosure' during the period covered by these financial statements.
30. Balance shown under head Sundry Debtors, Creditors and Advances are subject to confirmation.

31. Particulars	Current Period (Rs.)	Previous Year (Rs.)
Earnings/ Remittances and/ or Expenditure in Foreign Currency	Nil	Nil

32. Quantitative Information in respect of Opening Stock, Purchases, Sales and Closing Stock pursuant to Schedule VI of the Companies Act, 1956 are as per list attached.

33. Particulars	Current Period (Rs.)	Previous Year (Rs.)
Contingent Liability not provided for	Nil	Nil

34. Previous Year's Figures have been re- arranged or re- grouped wherever considered necessary.
35. Figures have been rounded off to the nearest rupees.
36. Figures in brackets indicate negative (-) figures.

Signed for the purpose of Identification

**FOR V.N. PUROHIT & CO.**  
**Chartered Accountants**  
 Firm Regn. 304040E

For and on behalf of Board of Directors of  
**Sonal Mercantile Limited**

Sd/-  
**O.P. Pareek**  
 Partner  
 Membership No. 014238

Sd/-	Sd/-	Sd/-
<b>Gopal Bansal</b>	<b>Deep Chand Singhal</b>	<b>Deepika Rathore</b>
Director	Director	Secretary

New Delhi, the 30<sup>th</sup> day of May 2014



**Schedule to the Balance Sheet of a  
Non-Banking Financial Company**  
[As required in terms of Paragraph 9BB of Non-Banking Financial Companies  
Prudential Norms (Reserve Bank) Directions, 1998]

**SONAL MERCANTILE LIMITED**

105/33, Vardhman Golden Plaza, Road No.44,  
Pitampura, New Delhi - 110034  
RBI No. B-14-02393 Dt.19.07.2002

(Rs.in lakhs)

Particulars		31.03.2014	
<b>Liabilities side :</b>			
1	<b>Loans and advances availed by the NBFCs inclusive of Interest accrued thereon but not paid :</b>	Amount Outstanding	Amount overdue
	(a) Debentures : Secured	NIL	NIL
	: Unsecured	NIL	NIL
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	11.80	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits*	NIL	NIL
	(g) Other Loans (specify nature)	NIL	NIL
	*Please see Note I below		
2	<b>Break-up of (1)(f) above (Outstanding public deposits Inclusive of Interest accrued thereon but not paid) :</b>		
	(a) In the form of Unsecured debentures	NIL	NIL
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	NIL	NIL
	(c) Other public deposits	NIL	NIL
<b>Assets side :</b>			
3	<b>Break-up of Loans and Advances including bills receivables[other than those Included in (4) below] :</b>	<b>Amount Outstanding</b>	
	(a) Secured	Nil	
	(b) Unsecured	2107.35	
4	<b>Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP Activities</b>	NIL	
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease	NIL	
	(b) Operating Lease	NIL	
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire	NIL	
	(b) Repossessed Assets	NIL	
	(iii) Hypothecation loans counting towards EL/HP activities		
	(a) Loans where assets have been repossessed	NIL	
	(b) Loans other than (a) above	NIL	
5	<b>Break-up of Investments :</b>		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	NIL	
	(b) Preference	NIL	
	(ii) Debenture and Bonds	NIL	
	(iii) Units of Mutual Funds	NIL	
	(iv) Governments Securities	NIL	
	(v) Others (please specify)	NIL	
	2. Unquoted :		
	(i) Shares : (a) Equity	NIL	
	(b) Preference	NIL	
	(ii) Debenture and Bonds	NIL	
	(iii) Units of Mutual Funds	NIL	
	(iv) Governemts Securities	NIL	
	(iii) Others (Please specify)	NIL	

Long Term Investments :	
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debenture and Bonds	NIL
(iii) Units of Mutual Funds	NIL
(iv) Governments Securities	NIL
(v) Others (please specify)	NIL
2. Unquoted :	
(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debenture and Bonds	NIL
(iii) Units of Mutual Funds	NIL
(iv) Governemts Securities	NIL
(v) Others (Please specify)	NIL

<b>6 Borrower group-wise classification of all leased stock-on-hire and loans and advances :</b>			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties "	NIL	NIL	NIL
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	NIL	2107.35	2107.35
<b>Total</b>	NIL	2107.35	2107.35
<b>7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>			
Category	Market Value / Break-up or Fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties "	NIL	NIL	
(a) Subsidiaries	NIL	NIL	
(b) Companies in the same group	NIL	NIL	
(c) Other related parties	NIL	NIL	
2. Other than related parties	NIL	NIL	
<b>Total</b>	NIL	NIL	

<b>8 Other Information</b>		
Particulars	Amount	
(i) Gross Non-Performing Assets	NIL	
(a) Related parties	NIL	
(b) Other than related parties	NIL	
(ii) Net Non-Performing Assets	NIL	
(a) Related parties	NIL	
(b) Other than related parties	NIL	
(iii) Assets acquired in satisfaction of debt	NIL	

**Notes :**

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break-up/fair value/ Nav in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

FOR V.N. PUROHIT & CO.  
Firm Regn. No. 304040E  
Chartered Accountants

For and on behalf of the Board  
Sonal Mercantile Limited

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

Sd/-                      Sd/-                      Sd/-  
Gopal Bansal      Deep Chand Singhal      Deepika Rathore  
Director              Director              Secretary

New Delhi, the 30th day of May 2014

## SONAL MERCANTILE LIMITED

### Calculation of Deferred Tax Assets As at 31st March 2014

Particulars	(Rupees)
Closing W.D.V. as per Books ( companies Act )	2,161,429.00
Closing W.D.V. as per Income Tax Act	2,497,894.00
Difference	336,465.00
Deferred Tax Assets	@30% 100,940.00
Edu.Cess	@3% 3,028.00
Assets As on 31.03.2014	<u>103,968.00</u>
Assets As on 31.03.2013	<u>13,139.00</u>
Transfer to P&L	<u>90,829.00</u>

**Annexure I**

**PART A**

1	Name of the assessee	:	Sonal Mercantile Limited
2	Address	:	105/33, Vardhman Golden Plaza, Community Centre, Road No.44, Pitampura, New Delhi-10034
3	Permanent Account Number	:	AAACS3879G
4	Status	:	Limited Company
5	Previous year ended	:	31.03.2014
6	Assessment year	:	2014-2015

**PART B**

<i>Nature of business or profession in respect of every business or profession carried on during the previous year</i>	CODE	0	8	0	7
--	------	---	---	---	---

S.No.	Parameters	Current year	Preceding Year
1	Paidup Share Capital	147,385,250.00	147,385,250.00
2	Share Application Money	-	-
3	Reserves and Surplus	73,369,966.68	73,193,831.21
4	Secured loans	497,754.02	1,787,117.70
5	Unsecured loans	-	-
6	Current liabilities and provisions	187,901.00	1,269,358.00
7	Total of Balance Sheet	221,440,871.70	223,635,556.91
8	Gross turnover	44,511,712.78	68,473,965.35
9	Gross profit	5,618,829.36	4,175,371.98
10	Commission received	-	-
11	Commission paid	-	-
12	Interest received	-	-
13	Interest paid	-	-
14	Depreciation as per books of account	758,952.00	279,456.00
15	Net Profit (or loss) before tax <i>as per Profit and Loss Account</i>	308,746.47	262,565.47
16	Taxes on income paid/provided for in the books	201,041.00	81,133.00

**FOR V.N. PUROHIT & CO.**  
**Firm Regn. No. 304040E**  
**Chartered Accountants**

**Sd/-**  
**O.P. Pareek**  
**Partner**  
**Membership No. 014238**

**New Delhi, the 30th day of May 2014**

## SONAL MERCANTILE LIMITED

Annexure - 2

### DEPRECIATION CHART FOR THE YEAR ENDED 31.03.2014

PARTICULARS	RATE OF DEP.	GROSS BLOCK AS ON 01.04.2013	ADDITION BEFORE 180 DAYS	ADDITION AFTER 180 DAYS	GROSS BLOCK AS ON 31.03.2014	DEPRECIATION	NET BLOCK AS ON 31.03.2014
Furniture & Fittings	10%	806.00	-	-	806.00	81.00	725.00
Plant & Machinery	15%	2,921,093.00	-	-	2,921,093.00	438,164.00	2,482,929.00
Computer	60%	-	35,600.00	-	35,600.00	21,360.00	14,240.00
<b>TOTAL</b>		2,921,899.00	35,600.00	-	2,957,499.00	459,605.00	2,497,894.00

**FOR V.N. PUROHIT & CO.**  
Firm Regn. No. 304040E  
Chartered Accountants

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

New Delhi, the 30th day of May 2014

## SONAL MERCANTILE LIMITED

Annexure - 3

### QUANTITATIVE DETAILS OF PRINCIPLE ITEMS

Item Name	Unit	Opening Stock	Purchase during the previous year	Sales during the previous year	Closing Stock	Shortage/Excess if any
Shares & Securities	Nos.	-	1,276,000	784,000	492,000	-
Fabric	Mtr.	-	36,000	36,000	-	-
<b>TOTAL</b>		-	1,312,000	820,000	492,000	-

**FOR V.N. PUROHIT & CO.**  
Firm Regn. No. 304040E  
Chartered Accountants

Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

New Delhi, the 30th day of May 2014