



# SONAL MERCANTILE LIMITED

31<sup>st</sup> ANNUAL REPORT  
FOR THE FINANCIAL YEAR 2015-16  
CIN: L51221DL1985PLC022433

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### **IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of Notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far as requested to register their e-mail addresses, with the Registrar & Share Transfer Agent of the Company.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

**Mr. Vikram Sharma**

Chairman & Independent Director  
(DIN: 00243482)

**Mr. Sunil Kumar**

Whole Time Director  
(DIN: 00243057)

**Mr. Deep Chand Singhal**

Non Executive Director  
(DIN: 00815681)

**Ms. Rukhsana**

Independent Director  
(DIN: 05151168)

**Ms. Anjali Aggarwal**

Chief Financial Officer

**Ms. Deepika Rathore**

Company Secretary & Compliance Officer

### STATUTORY AUDITORS

**M/s V.N. Purohit & Co.**

Chartered Accountants  
FRN: 304040E  
214, New Delhi House  
2<sup>nd</sup> Floor, 27, Barakhamba Road  
New Delhi-110001  
Email: [vnpdelhi@vnpaudit.com](mailto:vnpdelhi@vnpaudit.com)  
Web: [www.vnpaudit.com](http://www.vnpaudit.com)

### SECRETARIAL AUDITOR

**Ms. Rachna Bhasin**

Practicing Company Secretary  
M-3/21, First Floor,  
Model Town, Phase – III  
New Delhi - 110009  
Email: [csrachna@gmail.com](mailto:csrachna@gmail.com)

### REGISTERED OFFICE

105/33, Vardhman Golden Plaza  
Road No. 44, Pitampura  
Delhi – 110034  
Tel no.: +91-11-65656577  
Website: [www.sonalmercantile.com](http://www.sonalmercantile.com)  
Email Id: [sonalmercantile@yahoo.in](mailto:sonalmercantile@yahoo.in)

### REGISTRAR AND SHARE TRANSFER AGENT

**Skyline Financial Services Private Limited**

D-153 A, 1st Floor, Okhla Industrial Area,  
Phase – I, New Delhi – 110 020  
Tel No.: 011-26812682,83  
Fax: +91-11-30857562  
Email Id: [admin@skylinerta.com](mailto:admin@skylinerta.com)

### BANKERS OF THE COMPANY

Punjab National Bank  
Pitampura, Delhi

### LISTED AT

BSE Limited, Mumbai (Scrip Code: 538943)  
Delhi Stock Exchange, Delhi (Scrip Code: 5053)  
(DSE is an Inoperative Stock Exchange)

### CIN

**L51221DL1985PLC022433**

## **COMMITTEES OF BOARD OF DIRECTORS**

### **AUDIT COMMITTEE**

Mr. Vikram Sharma Independent Director	Chairman & Member
Ms. Rukhsana Independent Director	Member
Mr. Deep Chand Singhal Non Executive Director	Member
Ms. Deepika Rathore Company Secretary	Secretary & Advisor

### **NOMINATION AND REMUNERATION COMMITTEE**

Mr. Vikram Sharma Independent Director	Chairman & Member
Ms. Rukhsana Independent Director	Member
Mr. Deep Chand Singhal Non Executive Director	Member

### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

Mr. Vikram Sharma Independent Director	Chairman & Member
Ms. Rukhsana Independent Director	Member
Mr. Deep Chand Singhal Non Executive Director	Member

### **RISK MANAGEMENT COMMITTEE**

Mr. Vikram Sharma Independent Director	Chairman & Member
Mr. Sunl Kumar Executive Director	Member
Mr. Deep Chand Singhal Non Executive Director	Member

Date: 08<sup>th</sup> August, 2016

Dear Members,

You are cordially invited to attend the 31<sup>st</sup> Annual General Meeting of the members of Sonal Mercantile Limited ('the Company') to be held on Friday, 30<sup>th</sup> September, 2016 at 10:00 a.m. at the registered office of the Company at 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi - 110034.

The notice of the meeting, containing the business to be transacted, is enclosed herewith. As per section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are enclosed.

Thanking You

**By Order of the Board of Directors**

Sd/-

**Vikram Sharma**  
(Chairman)

**Registered Office:**

105/33, Vardhman Golden Plaza,  
Road No. 44, Pitampura,  
Delhi – 110034

CIN: L51221DL1985PLC022433

Website: [www.sonalmercantile.com](http://www.sonalmercantile.com)

Email: [sonalmercantile@yahoo.in](mailto:sonalmercantile@yahoo.in)

Tel. No.: +91-11-65656577

## NOTICE

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of the Company will be held on Friday, 30<sup>th</sup> September, 2016 at 10:00 a.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. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2016 along with the reports of the Board of Directors and the Auditors thereon.

#### 2. Appointment of Director Retire by Rotation

To appoint a Director in place of Mr. Deep Chand Singhal (DIN: 00815681) who retires by rotation & being eligible offers himself for reappointment as a Director of the Company.

#### 3. Ratification of Appointment of Auditors

To ratify the appointment of the Statutory Auditors of the Company and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time, the Company hereby ratifies the appointment of M/s V.N. Purohit & Co., Chartered Accountants, New Delhi (Firm's Registration No. 304040E) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company to be held in year 2017 to examine and audit the accounts of the Company for the Financial Year 2016-17 at such remuneration plus service tax, out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors and the Statutory Auditors.”

### Special Business:

#### 4. Re-Appointment of Mr. Sunil Kumar (DIN 00243057), as Whole-time Director of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Sunil Kumar, as Whole-time Director of the Company with effect from 25<sup>th</sup> February, 2017 to 24<sup>th</sup> February, 2020, as well as the payment of salary, commission, allowances and perquisites (hereinafter referred to as “remuneration”), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Mr. Sunil Kumar.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Sunil Kumar, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

**Registered Office:**

105/33, Vardhman Golden Plaza,  
Road No. 44, Pitampura,  
Delhi - 110034

*By order of the Board of Director  
For Sonal Mercantile Limited*

**Sd/-  
Deepika Rathore  
Company Secretary &  
Compliance Officer  
M.No. A34331**

**Date: 08<sup>th</sup> August, 2016**

**Place: New Delhi**

**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. PROXY FORM IS ENCLOSED WITH THE ANNUAL REPORT. PROXY FORMS SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION / AUTHORITY, AS APPLICABLE.

Pursuant to Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

A member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, during the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, provided that not less than 3 days of notice in writing is to be given to the Company.

In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

- B.** Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting.
- C.** An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts relating to the Business stated under item no. 4 is annexed hereto.
- D. Corporate Members:** Pursuant to Section 113 of the Companies Act, 2013, the 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.
- E. Queries at the AGM:** In case you have any query relating to the enclosed annual accounts and queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office on email Id sonalmercantile@yahoo.in 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.

F. Members are requested to notify any change in their address immediately to the share transfer Agent of the Company- M/s Skyline Financial Services Pvt Ltd., ("Skyline")D-153A, Okhla Industrial Area, Phase-I, New Delhi- 110 020. If shares are held in electronic form, intimate any change in their addresses/bank details to the concerned Depository Participant.

G. **Book Closure:** The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24<sup>th</sup> September, 2016 to Friday, 30<sup>th</sup> September, 2016 (both days inclusive).

**H. CUT OFF DATE:**

a. This Notice is being sent to all the members whose name appears as on 26<sup>th</sup> August, 2016 in the register of members or beneficial owners as received from M/s Skyline Financial Services Private Limited, the Registrar and Transfer Agent of the Company.

b. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Friday, 23<sup>rd</sup> September, 2016 (the "Cut- Off Date") only shall be entitled to vote through Remote E-voting and at the AGM. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the Cut Off date.

I. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Skyline.

J. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Company's Registrar and Share Transfer Agent for consolidation into a single folio.

K. As per the provisions of the Companies Act, 2013, facility for making nominations is available to the members in respect of the shares held by them. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. Nomination forms can be obtained from Company's Registrar and Share Transfer Agent by Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.

L. **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 and Sundays between 11:00 A.M. to 1:00 P.M. up to the date of Annual General Meeting.

**M. Communication to Members**

a. **Dispatch of Annual Report:** The Annual Report 2015-16 is being sent through electronic mode only to the members whose email addresses are registered with the Company/Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by the permitted mode.

b. Members may also note that the Notice of the 31<sup>st</sup> AGM and the Annual Report 2015-16 will be available on the company's website, [www.sonalmmercantile.com](http://www.sonalmmercantile.com). The Physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: [sonalmmercantile@yahoo.in](mailto:sonalmmercantile@yahoo.in)

c. The Register of Directors and Key Managerial Personnel and their Shareholding, maintained under Section-170 of the Companies Act, 2013 are open for inspection at the registered office of the Company on all working days except Saturdays and Sunday, between 11:00 a.m. to 1:00 p.m. and will also be available for inspection by the members at the Annual General Meeting.



- d. The register of Contracts or Arrangements in which the directors are interested maintained under Section 189 of the Companies Act, 2013, are open for inspection at the registered office of the Company on all working days except Saturdays and Sundays, between 11:00 a.m. to 1:00 p.m. and will also be available for inspection by the members at the Annual General Meeting.
  - e. For convenience of the members and proper conduct of the meeting entry to the meeting venue will be regulated by attendance slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip along with a valid identity proof such as the PAN Card, Passport, Aadhar Card, Driving License etc and hand it over at the registration counter at the venue.
  - f. Only bonafide members of the Company whose name appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members for attending the meeting.
  - g. As a measure of economy, copies of Annual Reports will not be distributed at the venue of the Annual General Meeting. Members are, therefore, requested to bring their own copies of the Annual Reports to the meeting.
- N.** Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ('ICSI'), information in respect of the Directors seeking Re-Appointment at the AGM, is provided in Annexure to the Notice.
- O. Important Communication to Members:** The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with the Company.

## **P. VOTING BY MEMBERS**

The voting for the agenda items as mentioned in the Notice shall be done in the following manner:

### **VOTING THROUGH ELECTRONIC MEANS AND PROCEDURE THEREOF**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 (1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Tuesday, September 27, 2016 (9:00 am) and ends on Thursday, September 29, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, September 23, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. **The process and manner for remote e-voting are as under:**

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :

- (i) Open email and open PDF file viz; "sonalmercantile e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN 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.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Sonal Mercantile Limited".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) 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 to [csrachna@gmail.com](mailto:csrachna@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

<b><u>EVEN (Remote e-voting Event Number)</u></b>	<b><u>USER ID</u></b>	<b><u>PASSWORD/PIN</u></b>
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- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. 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).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, September 23, 2016.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, September 23, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [admin@skylinerta.com](mailto:admin@skylinerta.com).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Ms. Rachna Bhasin (Membership No. 23539), Practicing Company Secretary has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.sonalmmercantile.com](http://www.sonalmmercantile.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **ITEM NO. 4**

The Members of the Company in Extra Ordinary General Meeting held on 22<sup>nd</sup> March, 2014, appointed Mr. Sunil Kumar as the Whole Time Director of the Company for a period of three years commencing from 25<sup>th</sup> February, 2014 to 24<sup>th</sup> February, 2017 at nil remuneration. Since his appointment he has been serving to the growth of the Company by participating in day to day activities of the Company and also discharging his duties and responsibilities with full of dedication and integrity.

Now the Board of Directors would like to inform you that the tenure of Mr. Sunil Kumar is going to be completed on 24<sup>th</sup> February, 2017, therefore in view of the valuable contribution of Mr. Sunil Kumar towards the growth of the company and pursuant to the recommendation of the Nomination and Remuneration Committee, your Board of Directors recommends his reappointment as the Whole Time Director of the Company for a period of three years commencing from 25<sup>th</sup> February, 2017 to 24<sup>th</sup> February, 2020.

Approval of the members is required by way of Special Resolution for Re-Appointment and payment of remuneration.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Sunil Kumar and the terms and conditions of the appointment are given below:

- i. Salary: Nil
- ii. Allowances: Nil
- iii Commission: Nil
- iv Perquisites and Benefits: Nil

Your Directors recommend nil remuneration to Mr. Sunil Kumar and in future if any remuneration will be given to him then it shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

Further the remuneration, if any shall be subject to the applicable Company's policy.

The Board of Directors recommends the resolution in relation to the re-appointment of Whole-time Director, for the approval of the members of the Company.

Except Mr. Sunil Kumar and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at item no. 4.

## ANNEXURE TO THE NOTICE

### Profile of Directors seeking Re-Appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Secretarial Standard – 2 on General Meetings)

Particulars	Mr. Deep Chand Singhal	Mr. Sunil Kumar
DIN	00815681	00243057
Date of Birth	01/06/1976	09/03/1976
Age	40 Years	40 Years
Category of the Director	Non Executive - Non Independent Director	Executive - Non Independent Director
Educational Qualifications	B.Com and FCA [(Fellow Member of the Institute of Chartered Accountants of India (ICAI)].	Under Graduate
Experience	Over 11 Years	Over 20 Years
Expertise in specific functional areas	Finance, Project Financing, Share Market Research, Bonds Market, Taxation, Audits and also deals in matters relating to RBI. He brings with him a vast knowledge of accounts, audit, taxation and handles day to day affairs of the Company	Financing, Investment, Management Consultancy, Taxation, etc.
Date of Appointment on the Board	03/12/2009	10/12/2009
Terms and conditions of appointment	At present he is not drawing a salary or enjoying any benefit or perquisite on cost of the Company.	As specified in the Explanatory Statement to this Notice for Item No. 4
Remuneration last drawn	Nil	Nil
Remuneration proposed to be given	Nil	Nil
Number of shares held in the Company as on 31 <sup>st</sup> March, 2016	37500	180360
List of Directorships held in other companies (excluding foreign, private and Section 8 companies)	Nil	Nil
Chairmanship / Membership of Committees Audit and Stakeholders' Relationship Committees across Public Companies including Sonal Mercantile Limited	2 (both committees of Sonal Mercantile Limited)	Nil
Relationship between Directors inter se	Mr. Deep Chand Singhal is a Brother of Mr. Sunil Kumar, Executive Director of the Company	Mr. Sunil Kumar is a Brother of Mr. Deep Chand Singhal, Non Executive Director of the Company
Number of meetings of the Board attended during the financial year 2015-16 (Out of total 24 Board Meetings held)	20	22

## DIRECTORS' REPORT

Dear Members

Your Directors present the 31<sup>st</sup> Annual Report of your Company together with the Audited Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2016.

### ❖ Financial Highlights

Particulars	Financial Year ended (In Rupees)	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Total Income	23,327,765	23,274,126
Total Expenditure	22,214,178	22,715,704
Profit/ (Loss) before tax	1,113,587	558,422
Profit/ (Loss) after tax	611,313	309,523
Paid-up Share Capital	147,385,250	147,385,250
Reserves and Surplus	74,025,223	73,545,045

### ❖ Operating Highlights

During the year under review total revenue of the Company is Rs. 23,327,765 as against Rs. 23,274,126 in the previous year. The Company incurred a profit of Rs. 611,313 after taxes as against Rs. 309,523 in the previous year. Your Directors are putting in their best efforts to improve the performance of the Company.

### ❖ Company's Affairs

The Company (registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company), engaged mainly, in the business of providing Secured and Unsecured Loans & Advances and investing in securities, both quoted and unquoted. The Company offers specialized solutions for meeting specific liquidity requirements with technical insights into capital markets.

### ❖ Dividend

In view of marginal profits made by the Company, your Directors regret their inability to recommend any dividend for the financial year 2015-16.

### ❖ Share Capital

There is no change in the Equity Share Capital of the Company during the financial year under review.

### ❖ Fixed Deposits

The Company has not accepted any fixed deposit during the year under review falling within the purview of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. There are no deposits which are outstanding as on 31<sup>st</sup> March, 2016.

### ❖ Listing Agreement

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective 01<sup>st</sup> December, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited. The Company has already paid listing fees for the financial year 2016-17 to the BSE Limited. The Company is also listed on Delhi Stock Exchange (Inoperative Stock Exchange).

### ❖ **Particulars of Loans, Guarantees or Investments Under Section 186**

Particulars of Loans and Guarantees are provided in the financial statements (please refer the Note 14 to the financial Statements).

### ❖ **Adequacy of Internal Financial Controls**

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use for disposition of its assets. All the transactions are probably authorized, recorded and reported to the Management. The Company is following all applicable accounting standards for properly maintaining the books of accounts and reporting financial statements. The Internal Auditor of the company checks and verifies internal control and monitors them in accordance with policy adopted by the company. The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of business.

### ❖ **Transfer to Reserves**

The Company has transferred an amount of Rs. 122,263 to the General Reserve put of current year's profits and the same is in compliance with the applicable provisions prescribed under the Special reserves u/s 45-IC of the RBI Act,1934.

### ❖ **Industrial relations:**

During the year under review, your Company enjoyed cordial relationship with employees at all levels.

### ❖ **DIRECTORS**

#### ✓ **Number of Meetings of the Board**

During the year Twenty Four Board Meetings were convened and held, details of which are provided in the Corporate Governance Report. The intervening gap between the Meetings was in compliance with the Companies Act, 2013.

#### ✓ **Policy on Directors' Appointment and Remuneration**

The current policy is to have a appropriate mix of Executive and Independent directors to maintain the independence of the board, separate its function of Governance and Management. As on 31<sup>st</sup> March, 2016, the Board consists of 4 members, one of whom executive, whole time directors, one is non executive director and other two are independent Directors. The Board periodically evaluates the need for change in its composition and its size.

The policy of the company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of Section 178 of the companies Act, 2013, adopted by the Board, is appended as "**Annexure A**" to the Board's Report. We affirm that remuneration paid to the directors is as per the terms laid out in the remuneration policy of the company.

#### ✓ **Declaration by Independent Directors**

All independent directors have given declarations under section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the SEBI LODR Regulations.

#### ✓ **Evaluation of the performance of the Board**

Pursuant to the provisions of the Act and the SEBI LODR Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The criteria applied in the evaluation process is explained in the Corporate Governance Report.

The Independent Directors at a separate meeting, evaluated performance of non-independent directors, performance of the Board as a whole and performance of the Chairpersons of the Company.

✓ **Familiarization Programme For Independent Directors**

In compliance with the requirements of SEBI LODR Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the familiarization programme are explained in the Corporate Governance Report. The same is also available on the website of the Company at [www.sonalmercantile.com](http://www.sonalmercantile.com).

✓ **Inductions**

During the year under review, there has not been any appointment of new Director(s) in the Board of the Company.

✓ **Retirement/Re-appointment**

In terms of Section 152 of the Companies Act, 2013, Mr. Deep Chand Singhal (DIN: 00815681) who retires by rotation at the ensuing AGM, offered himself for reappointment. His Brief Resume is given in Annexure attached to the Notice.

The Board recommends the reappointment of Mr. Sunil Kumar (DIN: 00243057) as a whole time Director of the Company. His Brief Resume is given in Annexure attached to the Notice and further the term and conditions of his appointment are mentioned in Explanatory Statement attached to the Notice.

None of Independent Directors will retire at the ensuing Annual General Meeting.

✓ **Resignation**

During the year under review, Mr. Vishnu Mittal and Mr. Gopal Bansal resigned from the Directorship of the Company w.e.f. 07<sup>th</sup> April, 2015 and 08<sup>th</sup> September, 2015 respectively.

The Board hereby places on record their valuable contribution towards the growth and development of the company during their tenure as director of the Company.

✓ **Disclosure of Relationships Between Directors Inter-Se**

Mr. Deep Chand Singhal and Mr. Sunil Kumar are directly related to each other. As they both are Brothers.

✓ **Key Managerial Personnel**

Mr. Sunil Kumar, Whole-Time Director, Ms. Deepika Rathore, Company Secretary and Ms. Anjali Aggarwal, Chief Financial Officer of the Company are the Key Managerial Personnels ("KMP") of the Company.

There are no changes in the KMP during the year under review.

✓ **Director's Responsibility Statement**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- ii) 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 at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.



### ❖ **Subsidiary Companies/Associate Companies/Joint Ventures**

The Company do not have any subsidiary, joint venture or, associate Company, hence, no need to state anything about the same.

#### ✓ **Committees of The Board**

The Board has currently four committees names as Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee\* (formerly known as Shareholders'/Investors' Grievance Committee")

During the year, in accordance with provision of Companies Act, 2013, the Board of Directors of the Company has re-named the existing committee viz., Stakeholders Relationship Committee (formerly known as Shareholders'/Investors' Grievance Committee")

A detailed note on the Board and its committees is provided under the Corporate Governance report section in this annual report.

### ❖ **Code of Conduct**

The Board of Directors has approved a Code of Conduct which is applicable to members of the Board and all employees in the course of day to day business operations of the company. The Code has been placed on the Company's website. The Code lays down the standard procedure of business conduct which is expected to be followed by the directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

### ❖ **Details of Establishment of Vigil Mechanism/ Whistle Blower Policy For Directors And Employees**

In order to ensure that the activities of the company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior of the company has adopted a vigil mechanism policy. The aim of the policy is to provide adequate safeguards against victimization of whistle blower who avails of the mechanism and also provide direct access to the Chairman of audit Committee, in appropriate and exceptional cases.

Accordingly, 'whistle Blower policy' has been formulated with a view to provide a mechanism for the Directors and employees of the Company to approach the Ethics Counselor or the Chairman of the audit Committee of the Company.

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees willing to raise a concern about irregularities within the Company. This policy is also posted on the website of the company. The Whistle Blower Policy as approved by the Board, is displayed on the website of the Company at [http://www.sonalmmercantile.com/images/Policy\\_for\\_Vigil\\_Machanism.pdf](http://www.sonalmmercantile.com/images/Policy_for_Vigil_Machanism.pdf)

### ❖ **Business Risk Management And Policy**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 and SEBI LODR Regulations, the company has constituted a risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Annual report.

The Company has implemented Risk Management Policy and the Board of Directors has prepared a comprehensive framework of risk management for assessment of risks and to determine the responses to these risks so as to minimize their adverse impact on the organization. The policy as approved by the Board of Directors is uploaded on Company's website at [http://www.sonalmmercantile.com/images/Policy\\_Risk\\_Management.pdf](http://www.sonalmmercantile.com/images/Policy_Risk_Management.pdf)

## ❖Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and certain designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

## ❖AUDITORS

### ✓ Statutory Auditors

At the Thirtieth (30<sup>th</sup>) AGM held on 29<sup>th</sup> September, 2015, the Members approved the appointment of M/s V.N. Purohit, Chartered Accountants, (ICAI Firm's Registration No. 304040E) as Statutory Auditors for a period of three (3) years commencing from the Thirtieth AGM till the conclusion of the Thirty Third (33<sup>rd</sup>) AGM, subject to ratification by Members every year. As recommended by the Audit Committee, the appointment of M/s V.N. Purohit, Chartered Accountants as Statutory Auditors of the Company until the conclusion of the Thirty Second (32<sup>nd</sup>) AGM, proposal for ratification is being included in the Notice of the ensuing AGM for your approval.

### ✓ Auditors' Report

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

### ✓ Secretarial Auditor

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Ms. Rachna Bhasin, Practicing Company Secretary in practice to undertake the Secretarial Audit of the Company for financial year 2015-16. The Secretarial Audit Report is annexed herewith as "**Annexure B**".

### ✓ Internal Auditor

The Board of Directors of your company has appointed Mr. Mukesh Kumar Gupta, Practicing Chartered Accountant as an internal auditor of the company and his report is reviewed by the Audit Committee from time to time.

## ❖Extract of Annual Return

In accordance with Section 92(3) of the Companies Act, 2013, the details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "**Annexure C**".

## ❖Corporate Social Responsibility

The provision of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility shall not be applicable to companies having net worth not exceeding Rs. 500 Cr or turnover not exceeding Rs. 1,000 Cr or net profit not exceeding Rs. 5 Cr or more during any financial year, as on the last date of previous financial year. In this connection, we wish to inform you that in respect of our company as on the last audited balance sheet as at March 31, 2016 neither the net worth exceeds Rs. 500 Cr nor turnover exceeds Rs. 1,000 Cr nor net profit exceeding Rs. 5 Cr. Hence, the provisions of Companies Act, 2013 regarding Corporate Social Responsibility would not be applicable.

## ❖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.

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

- a. **Conservation of Energy & Technology Absorption:** The Company, being a non-banking finance company (NBFC), does not have any manufacturing activity. The directors, therefore, have nothing to report on 'conservation of energy and technology absorption'.
- 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

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, forms part of this report and annexed herewith as "**Annexure D**". In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, including the information on employees' particulars which is available for inspection by the members at the Registered office of the company at all working days except Saturdays between 11 A.M. to 01:00 P.M. up to the date of Annual General Meeting. If any member is interested in inspecting the same, such member may write to the company secretary in advance.

#### ❖ Related Party Transactions

All the Related Party Transactions are entered into by the Company, at arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and the Company's Policy on Related Party Transactions. During the financial year 2015-16, the Company did not enter into any material related party transactions, i.e. transactions exceeding ten percent of the consolidated turnover as per the last audited financial statements. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Act in Form AOC 2 is not applicable, however Form AOC-2 attached as "**Annexure E**" for details of rent paid to Director.

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company at [http://www.sonalmmercantile.com/images/Policy\\_for\\_Related\\_Party\\_Transactions.pdf](http://www.sonalmmercantile.com/images/Policy_for_Related_Party_Transactions.pdf)

#### ❖ Sexual Harassment

The Company has in place a Prevention of Sexual harassment policy in line with the requirements of the sexual harassment of Women at workplace ( Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the Year 2015-16 no complaints were received by the Company related to sexual harassment.

#### ❖ Business Responsibility Report

Clause 55 of the listing Agreement is not applicable to our Company. Since no initiative with respect to environmental, social etc has been taken.

#### ❖ Corporate Governance

The Company is committed to maintain the steady standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. A detailed report on the corporate governance systems and practices of the Company is provided as a separate section along with a certificate from the Practicing Company Secretary as stipulated under the Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming the compliance by the Company with the conditions of Corporate Governance and also certificate from CFO as stipulated under the Regulation 17(8) of the SEBI LODR Regulations, forming part of this Report.

## ❖ Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI LODR Regulations with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

## ❖ DISCLOSURES UNDER THE ACT

### ✓ Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting going concern status and company's operations in future.

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

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2016 and the date of the Directors' Report.

### ✓ Change In The Nature of Business

There were no changes in the nature of the Business during the Financial Year ended 31<sup>st</sup> March, 2016.

### ✓ Reporting of Frauds by Auditors

There were no frauds reported by auditors as per Section 134(3) and Section 143(12) of the Act.

## ❖ Cautionary Note

The statements forming part of the Board's Report may contain certain forward looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward looking statements.

## ❖ Acknowledgments and Appreciation

The Directors take this opportunity to thank the Company's customers, shareholders, investors, suppliers, bankers, financial institutions and Central & State Governments for their consistent support to the Company. The Directors also wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

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

**Date:** 30<sup>th</sup> May, 2016  
**Place:** Delhi

**Sd/-  
Sunil Kumar  
Director  
(DIN: 00243057)**

**Sd/-  
Deep Chand Singhal  
Director  
(DIN: 00815681)**

## **ANNEXURES FORMAINING PART OF DIRECTORS' REPORT**

### **Annexure A**

#### **Nomination and Remuneration Policy**

##### **Introduction**

Sonal Mercantile Limited ("the Company") has reconstituted a Nomination and Remuneration Committee ("Committee") in its Board meeting held on 17<sup>th</sup> September, 2015 as per the terms and conditions provided in Section 178 of the Companies Act, 2013 and other applicable provisions. As per the provisions, the Company is required to frame a policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

##### **1. Objective of the Policy**

The policy is framed with the objective(s):

- a) That based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the Industry, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and talented managerial personnel of the quality required to run the Company successfully and to ensure long term sustainability and create competitive advantage.
- b) That the remuneration to Directors, Key Managerial Personnel (KMP) and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

##### **2. Constitution of the Nomination and Remuneration Committee**

The Board has reconstituted the nomination and remuneration committee of the Board. This is in line with the requirements under the Companies Act, 2013 ('the Act').

The Board has authority to reconstitute this committee from time to time.

##### **3. Functions of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

- a) Identify persons who are qualified to become Directors and employees who may be appointed in key managerial position, senior management in accordance with the criteria laid down, recommend to the Board their appointment, remuneration and removal, including succession planning.
- b) Ensure that the Board comprises of a balanced combination of Executive Directors and Non- Executive Directors and also the Independent Directors, including Board diversity.
- c) Devise framework to ensure that Directors are inducted through suitable familiarization process along with criteria for evaluation of Independent Directors and the Board and to provide for reward(s) linked directly to their effort, performance.
- d) Decide/approve details of fixed components and performance linked incentives along with the performance criteria.
- e) Such other functions as may be decided in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The Chairman of the Nomination and Remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

#### **4. Applicability**

This Policy is applicable to:

- a) Directors viz. Executive, Non-Executive and Independent
- b) Key Managerial Personnel ("KMP")
- c) Senior Management Personnel
- d) Other Employees of the Company

#### **5. Matters relating to the remuneration, perquisites for the Whole-time /Executive / Managing Director Role of Committee**

1. The remuneration/compensation/profit-linked commission etc. to the Whole-time/Executive/Managing Directors will be recommended by the Committee and approved by the Board. The remuneration/compensation/profit-linked commission etc. shall be in accordance with the percentage/slabs/conditions laid in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole Time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the prior approval of the Central Government.
3. Increments to the Whole Time Director(s) should be within the slabs approved by the shareholders. Increments will be effective 1<sup>st</sup> April in respect of a Whole Time Director as well as in respect of other employees of the Company, unless otherwise decided.

#### **6. Removal**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or one level below KMP subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

#### **7. Retirement**

The Director, KMP and one level below the KMP shall retire as per the applicable provisions of the Regulations, Act and the policy of the Company. Employment of the services of the Director, KMP, Senior Management Personnel as consultants after their retirement would be at the sole discretion of the Board.

#### **8. Remuneration to Non-Executive / Independent Director**

##### **a) Sitting Fees**

The Non-Executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations. The quantum of sitting fees will be determined as per the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

##### **b) Profit-linked Commission**

The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 2% of the net profits of the Company computed as per the applicable provisions of the Regulations.

##### **c) Stock Options**

An Independent Director shall not be entitled to any stock option of the Company.

## 9. Remuneration to KMP, Senior Management Personnel and Other Employees

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may approved by the Committee.

The Chief Executive Officer/Whole Time Director of the Company will make organization - wide annual presentation(s) before the Committee which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and/or Shareholders of the Company.

If the remuneration of KMPs or any other officer is to be specifically approved by the Committee and/or the Board of Directors under any Regulations, then such approval will be accordingly sought. This Remuneration Policy shall apply to all future/continuing employment/engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes. The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

## 10. Policy on Board diversity

The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, Management, Quality assurance, finance, Sales and Marketing, supply Chain, research and development, human resources, etc. or as may be considered appropriate.

The Board shall have atleast one Board Member who has accounting or related financial management expertise and atleast three members who are financially literate.

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

**Date:** 30<sup>th</sup> May, 2016

**Place:** Delhi

**Sd/-  
Sunil Kumar  
Director  
(DIN: 00243057)**

**Sd/-  
Deep Chand Singhal  
Director  
(DIN: 00815681)**

**ANNEXURE – B**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To

The Members,

**Sonal Mercantile Limited**

105/33, Vardhman Golden Plaza

Road No. 44, Pitampura,

Delhi – 110034

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sonal Mercantile Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Sonal Mercantile Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Sonal Mercantile Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the company during the audit period);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the company during the audit period);**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the company during the audit period);**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the company during the audit period);**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the company during the audit period)**;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the company during the audit period)**;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1<sup>st</sup> December, 2015;
- (vi) RBI Act, 1934

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (effective from 1<sup>st</sup> July, 2015);
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** the company altered the Memorandum of Association and adopted a new set of Articles of Association in line with the provisions of the Companies Act, 2013 with the approval of the Members by way of Special Resolutions passed at the 30<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2015;

**I further report that** during the audit period, there were no instances of :

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- (ii) Redemption/buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger/amalgamation/reconstruction, etc.
- (v) Foreign technical collaborations

**Place: New Delhi**  
**Date: 30<sup>th</sup> May, 2016**

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

*Note: This report is to be read with our letter of even date which is annexed as Annexure – 1 and forms an integral part of this report*

**'ANNEXURE 1' TO THE SECRETARIAL AUDIT REPORT**

To,

The Members,  
**Sonal Mercantile Limited**  
105/33, Vardhman Golden Plaza  
Road No. 44, Pitampura,  
Delhi – 110034

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Place: New Delhi**  
**Date: 30<sup>th</sup> May, 2016**

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

## ANNEXURE – C

### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

#### AS ON FINANCIAL YEAR ENDED ON 31/03/2016

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i.	<b>CIN</b>	L51221DL1985PLC022433
ii.	<b>Registration Date</b>	04/11/1985
iii.	<b>Name of the Company</b>	Sonal Mercantile Limited
iv.	<b>Category/Sub-Category of the Company</b>	Public Company Limited By Shares
v.	<b>Address of the Registered office and contact details</b>	105/33/, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi – 110034 Tel. No. +91-11-65656577 Email: <a href="mailto:sonalmercantile@yahoo.in">sonalmercantile@yahoo.in</a> Website: <a href="http://www.sonalmercantile.com">www.sonalmercantile.com</a>
vi.	<b>Whether listed company</b>	Yes (Listed on BSE Limited and DSE)
vii.	<b>Name, Address and Contact details of Registrar and Transfer Agent</b>	Contact Officer : Mr. Virender Rana Skyline Financial Services Private Limited SEBI Regn. No.: INR000003241 D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020. Tel No.: +91-11- 26812682 Fax No.: +91-11-26812683 Email id.: <a href="mailto:viren@skylinerta.com">viren@skylinerta.com</a> Website : <a href="http://www.skylinerta.com">www.skylinerta.com</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Non Banking Financial Services	649	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
Not Applicable					

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01/04/2015)				No. of Shares held at the end of the year (as on 31/03/2016)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
1) <i>Indian</i>									
a) Individual/ HUF	753280	0	753280	5.11	753280	0	753280	5.11	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total(A)(1):-</b>	<b>753280</b>	<b>0</b>	<b>753280</b>	<b>5.11</b>	<b>753280</b>	<b>0</b>	<b>753280</b>	<b>5.11</b>	<b>0</b>
2) <i>Foreign</i>									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0
h) Other-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total(A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>753280</b>	<b>0</b>	<b>753280</b>	<b>5.11</b>	<b>753280</b>	<b>0</b>	<b>753280</b>	<b>5.11</b>	<b>0</b>
<b>B. Public Shareholding</b>									
1. <i>Institutions</i>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total(B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2. <i>Non Institutions</i>									
a) Bodies Corp.									
(i) Indian	3443195	5018020	8461215	57.41	3143294	4193020	7336314	49.78	-7.63
(ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	433290	299115	732405	4.97	434191	190565	624756	4.24	-0.73
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2947785	1506940	4454725	30.23	3472785	1615090	5087875	34.52	4.30
c) Others									
(i) Hindu Undivided Family	306050	30850	336900	2.29	906050	30250	936300	6.35	4.07
<b>Sub-total(B)(2)</b>	<b>7130320</b>	<b>6854925</b>	<b>13985245</b>	<b>94.89</b>	<b>7956320</b>	<b>6028925</b>	<b>13985245</b>	<b>94.89</b>	<b>0</b>

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01/04/2015)				No. of Shares held at the end of the year (as on 31/03/2016)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	7130320	6854925	13985245	94.89	7956320	6028925	13985245	94.89	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>7883600</b>	<b>6854925</b>	<b>14738525</b>	<b>100</b>	<b>8709600</b>	<b>6028925</b>	<b>14738525</b>	<b>100</b>	<b>0</b>

## ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (as on 01/04/2015)			Shareholding at the end of the year (as on 31/03/2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Vishnu Mittal (Promoter)	50000	0.34	0	50000	0.34	0	0
2.	Deep Chand Singhal (Promoter)	37500	0.25	0	37500	0.25	0	0
3.	Sunita Bansal (Promoter's Group)	37500	0.25	0	37500	0.25	0	0
4.	Sunil Kumar (Promoter)	180360	1.22	0	180360	1.22	0	0
5.	Chetna Singhal (Promoter's Group)	33335	0.23	0	33335	0.23	0	0
6.	Ganga Devi Bansal ((Promoter's Group)	33335	0.23	0	33335	0.23	0	0
7.	Savitiri Mittal (Promoter's Group)	343750	2.33	0	343750	2.33	0	0
8.	Gopal Bansal (Promoter)	37500	0.25	0	37500	0.25	0	0
	<b>Total</b>	<b>753280</b>	<b>5.11</b>	<b>0</b>	<b>753280</b>	<b>5.11</b>	<b>0</b>	<b>0</b>

**iii. Change in Promoters' Shareholding: No Change**

Sr. no	Name	Shareholding at the beginning of the year (as on 01/04/2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2015 to 31/03/2016)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Sunil Kumar Promoter	180360	1.22	01-04-15	0	Nil movement during the year		
		180360	1.22	31-03-16			180360	1.22
2	Gopal Bansal Promoter	37500	0.25	01-04-15	0	Nil movement during the year		
		37500	0.25	31-03-16			37500	0.25
3	Deep Chand Singhal Promoter	37500	0.25	01-04-15	0	Nil movement during the year		
		37500	0.25	31-03-16			37500	0.25
4	Vishnu Mittal Promoter	50000	0.34	01-04-15	0	Nil movement during the year		
		50000	0.34	31-03-16			50000	0.34
5	Chetna Singhal Promoters' Group	33335	0.23	01-04-15	0	Nil movement during the year		
		33335	0.23	31-03-16			33335	0.23
6	Sunita Bansal Promoters' Group	37500	0.25	01-04-15	0	Nil movement during the year		
		37500	0.25	31-03-16			37500	0.25
7	Savitiri Mittal Promoters' Group	343750	2.33	01-04-15	0	Nil movement during the year		
		343750	2.33	31-03-16			343750	2.33
8	Ganga Devi Bansal Promoters' Group	33335	0.23	01-04-15	0	Nil movement during the year		
		33335	0.23	31-03-16			33335	0.23

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. no	Name of Shareholder	Shareholding at the beginning of the year (as on 01/04/2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2015 to 31/03/2016)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Chiranjiv Distributors Pvt. Ltd.	1319000	8.95	01-04-15	0	Nil movement during the year		
		1319000	8.95	31-03-16			1319000	8.95
2	Bulbul Buildcon Pvt. Ltd.	1243000	8.43	01-04-15	0	Nil movement during the year		
		1243000	8.43	31-03-16			1243000	8.43

Sr. no	Name of Shareholder	Shareholding at the beginning of the year (as on 01/04/2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2015 to 31/03/2016)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
3	Lily Infratech Pvt. Ltd.	937145	6.36	01-04-15				
				23-06-15	-937145	Sale	0	0
		0	0	31-03-16			0	0
4	Orion Infradevelopers Pvt. Ltd.	771875	5.24	01-04-15	0	Nil movement during the year		
		771875	5.24	31-03-16			771875	5.24
5	Nabkri Developers Pvt. Ltd.	765625	5.19	01-04-15	0	Nil movement during the year		
		765625	5.19	31-03-16			765625	5.19
6	Orion Propmart Pvt. Ltd.	456250	3.10	01-04-15	0	Nil movement during the year		
		456250	3.10	31-03-16			456250	3.10
7	Ashu Gupta	390000	2.65	01-04-15	0	Nil movement during the year		
		390000	2.65	31-03-16			390000	2.65
8	Shri Ganesh Buildpro Pvt. Ltd.	350000	2.37	01-04-15	0	Nil movement during the year		
		350000	2.37	31-03-16			350000	2.37
9	Hi-Fashion Apparels Pvt. Ltd.	300960	2.04	01-04-15	0	Nil movement during the year		
		300960	2.04	31-03-16			300960	2.04
10	Balaji Stock Consultants Pvt. Ltd.	285000	1.93	01-04-15				
				10-04-15	-285000	Sale	0	0
		0	0	31-03-16			0	0
11	Sanjay Kumar Sharma	233670	1.59	01-04-15	0	Nil movement during the year		
		233670	1.59	31-03-16			233670	1.59
12	Arise Infratech Pvt. Ltd.	225000	1.53	01-04-15	0	Nil movement during the year		
		225000	1.53	31-03-16			225000	1.53
13	Radhey Infra Developers Pvt. Ltd.	225000	1.53	01-04-15	0	Nil movement during the year		
		225000	1.53	31-03-16			225000	1.53

**v.Shareholding of Directors and Key Managerial Personnel (KMP):**

Sr. no	Name	Shareholding at the beginning of the year (as on 01/04/2015)		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2015 to 31/03/2016)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
<b>A.</b>	<b>Directors:</b>							
1	Sunil Kumar Whole Time Director (KMP)	180360	1.22	01-04-15	0	Nil movement during the year		
		180360	1.22	31-03-16			180360	1.22
2	Gopal Bansal Non Excecutive Director (Ceased to be a Director on 08/09/2015)	37500	0.25	01-04-15	0	Nil movement during the year		
		37500	0.25	31-03-16			37500	0.25
3	Deep Chand Singhal Non Excecutive Director	37500	0.25	01-04-15	0	Nil movement during the year		
		37500	0.25	31-03-16			37500	0.25
<b>B.</b>	<b>Key Managerial Personnel(KMP's):</b>							
1	Anjali Aggarwal Chief Financial Officer	1000	0.01	01-04-15	0	Nil movement during the year		
		1000	0.01	31-03-16			1000	0.01

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (As on 01/04/2015)				
i) Principal Amount	4,97,754.02	-	-	4,97,754.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total(i+ii+iii)	4,97,754.02	-	-	4,97,754.02
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	(4,97,754.02)	-	-	(4,97,754.02)
Net Change	(4,97,754.02)	-	-	(4,97,754.02)
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but notpaid iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager - Nil

B. Remuneration to other directors: - Nil

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	3,00,000	3,60,000	6,60,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as% of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
6.	<b>Total</b>	-	<b>3,00,000</b>	<b>3,60,000</b>	<b>6,60,000</b>

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: - Nil

For and on Behalf of the Board  
For Sonal Mercantile Limited

Date: 30<sup>th</sup> May, 2016  
Place: Delhi

Sd/-  
Sunil Kumar  
Director  
(DIN: 00243057)

Sd/-  
Deep Chand Singhal  
Director  
(DIN: 00815681)

## ANNEXURE – D

### Statement of Particulars of Employees pursuant to the Provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

**1. The ratio of the remuneration of each Director to the median remuneration of the employee for the financial year;**

The Directors of the Company are not drawing a salary from the Company hence the ratio of the remuneration of each Director to the median remuneration of the employee for the financial year will be Nil.

**2. The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary in the financial year;**

S.No.	Name	Designation	% Increase
1	Deepika Rathore	Company Secretary	5.26
2	Anjali Aggarwal	Chief Financial Officer	(4.00)

**3. The percentage increase in the median remuneration of employees in the financial year;**

The median remuneration of the employees in the financial year increased by 49.93%. The calculation of % increase in Median Remuneration is done based on overall employee cost.

**4. The explanation on the relationship between average increase in remuneration and Company performance**

The Profit Before Tax for the financial year ended 31<sup>st</sup> March, 2016, increased by 99.42% and median increase in the remuneration was 49.93%, which is in line with the performance of the Company and the market trend in the financial services sector.

**5. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company**

In the view of job responsibilities, the remuneration of Key Managerial Personnel (KMP's) is much lower, having regard to remuneration payable to other KMP's of a comparable Company. In past few years, KMP's of the Company are playing a vital role in the growth and positive performance of the Company and the market trend in the financial services sector.

**6. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;**

The market capitalisation of the Company as on 31<sup>st</sup> March, 2016 was Rs. 93.29 million compared to Rs. 84.75 million as on 31<sup>st</sup> March, 2015, on BSE.

The price earning ratio of the Company as on 31<sup>st</sup> March, 2016 was 158.25 compared to 287.50 as on 31<sup>st</sup> March, 2015, based on diluted EPS.

The market quotation of the shares as on 31<sup>st</sup> March, 2016 was Rs. 6.33 per share compared to Rs. 5.75 per share as on 31<sup>st</sup> March, 2015 (face value Rs. 10 per share) on BSE. The market quotation of the Company as on 31<sup>st</sup> March, 2016 was 10.09% higher (0.00% as on 31<sup>st</sup> March, 2015) than the rate at which the Company came out with the Direct Listing on BSE in Year 2015 which was at Rs. 5.75 per share.

**7. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

The increase in the managerial remuneration as well as that relating to the CFO and CS are at percentages that are lesser than the increase effected in the salaries of employees other than Managerial personnel.

The average increase for employees other than the managerial personnel who were in the employment during the financial year 2014-15 and 2015-16 the average increase is 49.93%.

The average increase for managerial personnel is 0.00%.

## 8. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company;

Particulars	Financial Year 2015-16 (in Rs.)	Financial Year 2014-15 (in Rs.)
Total Operating Revenues	23,218,320	23,274,126
Profit Before Tax and Exceptional Items	1,113,587	558,422
Profit after tax	611,313	309,523

The total revenues of the Company decreased by 0.24%. The net profit of the Company decreased from Rs. 309,523 to Rs. 611,313 translating to a increase of 97.50%. The remuneration paid to the Key Managerial Personnel is much lesser having regard to remuneration payable to other KMP's of a comparable Company. Now the management of the Company is putting in their best efforts to improve the performance of the Company in coming years. The table below depicts the details of the KMP remuneration as against the performance of the Company -

S.No.	Name	Designation	% of Increase/(Decrease) in Remuneration Paid	% of Increase/(Decrease) in Net Profit of the Company
1	Sunil Kumar	Whole-Time Director	Not Applicable	Not Applicable
2	Deepika Rathore	Company Secretary	5.26%	97.50
3	Anjali Aggarwal	Chief Financial Officer	(4.00)%	97.50

## 9. The key parameters for any variable component of remuneration availed by the Directors

The Directors of the Company are not drawing a salary from the Company hence this clause is not applicable to the Company.

## 10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year.

The Directors of the Company are not drawing a salary from the Company hence this clause is not applicable to the Company.

## 11. Affirmation that the remuneration is as per the remuneration policy of the Company

The remuneration paid is in accordance with the remuneration policy of the Company.

**Statement of particulars of employees pursuant to Rule 5 (2) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 – Not Applicable**

**Statement of particulars of employees pursuant to Rule 5 (3) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 – Not Applicable**

For and on Behalf of the Board  
For Sonal Mercantile Limited

Date: 30<sup>th</sup> May, 2016  
Place: Delhi

Sd/-  
Sunil Kumar  
Director  
(DIN: 00243057)

Sd/-  
Deep Chand Singhal  
Director  
(DIN: 00815681)

## **ANNEXURE – E**

### **FORM NO. AOC -2**

*[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]*

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

<b>S.No.</b>	<b>Particulars</b>	<b>Details</b>
1	Name (s) of the related party & nature of relationship	Not Applicable
2	Nature of contracts/arrangements/transaction	Not Applicable
3	Duration of the contracts/arrangements/transaction	Not Applicable
4	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
5	Justification for entering into such contracts or arrangements or transactions'	Not Applicable
6	Date of approval by the Board	Not Applicable
7	Amount paid as advances, if any	Not Applicable
8	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Not Applicable

2. Details of contracts or arrangements or transactions at Arm's length basis.

<b>S.No.</b>	<b>Particulars</b>	<b>Details</b>
1	Name (s) of the related party & nature of relationship	Deep Chand Singhal (Director)
2	Nature of contracts/arrangements/transaction	Leasing Agreement
3	Duration of the contracts/arrangements/transaction	01/04/2015 to 31/03/2016
4	Salient terms of the contracts or arrangements or transaction including the value, if any	Rent Paid Rs. 1,20,000
5	Date of approval by the Board	07/04/2015
6	Amount paid as advances, if any	Nil

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

**Date:** 30<sup>th</sup> May, 2016  
**Place:** Delhi

**Sd/-  
Sunil Kumar  
Director  
(DIN: 00243057)**

**Sd/-  
Deep Chand Singhal  
Director  
(DIN: 00815681)**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

Sonal Mercantile Limited is a NBFC and is engaged mainly in the business of providing Loans & Advances and investing in shares, both quoted and unquoted. The industry structure relevant to the Company's operations is mainly concerned with the capital market.

The NBFCs sector is undergoing a significant transformation at present and has come to be recognized as an important element of the financial system. The recent issue in financial sector has highlighted the necessity, importance and significant role, the NBFCs play in development of nation's infrastructure.

In the financial system of India, importance of NBFCs has been much discussed. RBI has been setting right its regulatory and supervising policies from time to time to keep pace with the changes in the environment.

NBFCs have been actively fuelling the growth of the economy – especially the infrastructure part of the economy and have been supplementing the Banking system effectively and thus enhancing competition and diversification in the financial sector

The NBFCs have attracted substantial investments during the recent years both from the retail and from the wholesale side. The growth also has been significant during this year. The NBFCs have been catalysts in accelerating the growth in the semi urban and rural areas. The projections made by RBI and other financial forecasts give substantial growth opportunities for the industry in the coming years.

### **BUSINESS OVERVIEW**

Your company being classified as an Loan Company is doing business of providing Loans & Advances and investing in shares, both quoted and unquoted. No further opportunity has come to diversify the business of the Company as business of financing is no more lucrative. However your board is in constant look out for the new business avenues which can be taken with the existing business.

### **OPPORTUNITIES AND THREATS**

Capital markets at present are going through turbulent times due to slow-down in domestic economy, slow-down in reforms, uncertain global economic environment, economic crisis faced by a few countries in Europe, fluctuations in currency rates, etc. Although the inflation has remained steady during the year but it is still under pressure due to hike in petrol prices, burden of diesel subsidies, high fiscal deficit, etc. However, we feel that the opportunities will soon arise in the markets upon the corrective policies by the government and better fiscal management which will strengthen the economy.

The NBFC industry holds immense potential and the Government of India's increased focus towards Financial Inclusion has created various opportunities for existing NBFCs to leverage on their established customer base in rural areas. The recent steps by the Government of India to create Infrastructure for NBFC and to provide banking license for NBFCs is a positive signal. The above opportunities have made the Industry highly competitive with the emergence of new category of systematically important NBFCs. Along with existing local and Multinational players leading to tough competition within the industry.

### **SEGMENT-WISE PERFORMANCE**

The Company is into single reportable segment only.

### **OUTLOOK**

Your Company is still in the process of consolidation and has not decided to enter into new field. It is exploring various business opportunities but nothing concrete has been derived. Barring unforeseen circumstances your directors hope to find some concrete business opportunity to expand the business of the Company.

## **RISK AND CONCERN**

Your Company at present is exposed to the normal industry risk factor of volatility in interest rate, economic cycle and credit risk. It has not yet decided its future course of activities. The impact of new activity, as when decided, will be known in the future.

## **ADEQUACY OF INTERNAL CONTROL**

The established Internal Control System of your Company are adequate to ensure that all the activities are monitored and controlled against any misuse or misappropriation of asset and that the transactions are authorized, recorded and reported correctly. More so, these internal control systems are regularly monitored by the audit committee of your Company and are improved upon on regular basis.

## **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The brief on Financial Performance of the Company is already provided in the Boards' Report of the Company.

## **HUMAN RESOURCE DEVELOPMENT**

The Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Our people are the company's greatest assets. Your company focuses on increasing the overall productivity per employee in the challenging market conditions. Men are the only active agent and acts as a catalyst in effective utilization of all other M's (Material, Machine and Money). The Board of Directors of your company would like to place on record their sincere appreciation for the efforts and contribution made by all the employees of the Company in the challenging environment. Your Directors take this opportunity to thank all employees for rendering impeccable services to every constituent of Company, customers and shareholders. The Company has a well-defined appraisal system to assess and reward the employees appropriately and also to gauge the potentials of the individuals.

## **CAUTIONARY STATEMENT**

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate intend, will, expect and other similar expressions are intended to identify "Forward Looking Statements". The company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Actual results could differ materially from those expressed or implied. Important factors that could make the difference to the Company's operations include cyclical demand and pricing in the Company's principal markets, changes in Government Regulations, tax regimes, economic developments within India and other incidental factors.

## **APPRECIATION**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from the shareholders, bankers and other government agencies during the year under review.

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

**Date: 30<sup>th</sup> May, 2016  
Place: Delhi**

**Sd/-  
Sunil Kumar  
Director  
(DIN: 00243057)**

**Sd/-  
Deep Chand Singhal  
Director  
(DIN: 00815681)**

## CORPORATE GOVERNANCE REPORT

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

Your Company converge good corporate governance, focus on enhancement of long term value creation for all stakeholders and conduct the business in accordance with the highest ethical standards and sound corporate governance practice. Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), which relates to corporate governance, was revised from time to time, making far reaching amendments in the code.

The primary purpose of corporate leadership is to create wealth legally and ethically. This translates to bring a high level of satisfaction to five constituents - customers, employees, investors, vendors and the society-at-large.

Your Company confirms the compliance of corporate governance, in all material aspects, with the revised SEBI LODR Regulations, the details of which are given below:

### 2. BOARD OF DIRECTORS

The Board of Directors provide strategic direction and thrust to the operations of the Company, thereby enhancing the value of the stakeholders. The Board comprises of eminent persons with considerable professional experience from varied disciplines. The present strength of the Board as on 31<sup>st</sup> March, 2016 is four Directors. Out of these Directors, two are Independent Directors including one Woman Director, one Whole Time Director and one Non Executive non Independent Director thus comply with the requirement of the Regulation 17 of the SEBI LODR Regulations.

#### **a) Composition of the Board, attendance record, membership of Board Committees:**

The Board of Directors of the Company has an ideal combination of Executive and Non-Executive Directors and is in conformity with the SEBI LODR Regulations. The names and categories of the Directors on the Board as on 31<sup>st</sup> March, 2016, their attendance at the Board Meetings held during the financial year 2015-16 and at the last Annual General Meeting (AGM), as also the number of directorships and committee positions held by them in other public limited companies as 31<sup>st</sup> March, 2016, are as under:

Name	Category	Meeting and Attendance			No. of Directorships in other Public Limited Companies*	Committees Position**	
		Number of Board Meetings	Board Meeting Attended	Last AGM Attended		Chairman ship	Member ship
Sunil Kumar (Whole Time Director) (DIN: 00243057)	Executive (Promoter)	24	22	Yes	Nil	Nil	Nil
Rukhsana (Woman Director) (DIN: 05151168)	Non Executive – Independent	24	11	Yes	Nil	Nil	Nil
Vikram Sharma (Chairman) (DIN: 00243482)	Non Executive – Independent	24	20	Yes	1	Nil	Nil
Deep Chand Singhal (DIN: 00815681)	Non Executive (Promoter)	24	20	Yes	Nil	Nil	Nil

\* Only Directorships of public limited companies incorporated in India have been considered.

\*\* Only Audit Committee and Stakeholders' Relationship Committee, in other public limited companies, have been considered for the Committee positions.

#### **Note:**

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees, across all the public limited companies in which he/she is a Director.

✓ **Relationships between Directors inter-se:**

Mr. Deep Chand Singhal and Mr. Sunil Kumar are directly related to each other. As they both are Brothers.

✓ **Changes in Directors during the financial year:**

During the year Mr. Vishnu Mittal and Mr. Gopal Bansal resigned from the Directorship of the Company w.e.f. 07<sup>th</sup> April, 2015 and 08<sup>th</sup> September, 2015 respectively.

**b) Number of Board Meetings:**

The Board of Directors met Twenty Four times during the Financial Year 2015-16. The maximum gap between any two meetings had been not more than 120 days. All meetings were well attended.

✓ **Attendance in the Board meetings:**

S.No.	Date of Board Meetings	Total Strength of the Board	No. of Directors Present
1	07/04/2015	5	5
2	21/04/2015	5	3
3	04/05/2015	5	4
4	30/05/2015	5	5
5	23/06/2015	5	3
6	30/06/2015	5	3
7	14/07/2015	5	3
8	21/07/2015	5	3
9	23/07/2015	5	2
10	11/08/2015	5	5
11	01/09/2015	5	4
12	17/09/2015	4	3
13	30/09/2015	4	4
14	07/10/2015	4	2
15	09/10/2015	4	3
16	17/10/2015	4	3
17	28/10/2015	4	3
18	14/11/2015	4	4
19	31/12/2015	4	4
20	15/01/2016	4	3
21	22/01/2016	4	2
22	02/02/2016	4	2
23	13/02/2016	4	4
24	28/03/2016	4	4

✓ **Familiarization Programme**

At the time of appointment, Independent Directors are made aware of their roles, rights and responsibilities through a formal letter of appointment which also stipulates the various terms and conditions of their engagement. At Board and Committee Meetings, the Independent Directors are on regular basis familiarized with the business model, regulatory environment in which it operates, strategy, operations, functions, policies and procedures of the Company.

Directors were invited to attend conferences held with objectives to guide corporate directors in carrying governance and compliance responsibilities amidst complex demands placed upon by the Act and SEBI LODR Regulations. The Familiarization Programme formulated by the Company for Independent Directors has been uploaded on the Company's website, the web link for which is [http://www.sonalmercantile.com/investor\\_info.html](http://www.sonalmercantile.com/investor_info.html)



✓ **Evaluation of Performance**

Pursuant to the provisions of Section 134(3)(p), Schedule IV of the Act read with Regulations 17 of the SEBI LODR Regulations, the Board adopted a formal evaluation process of its performance during the year as well as that of its committees, the individual Directors, Chairman and the Independent Directors. The Independent Directors assessed the executive directors on the basis of the contributions made by such Directors in the achievement of business targets, development and successful execution of the business plans, their management of relationship with the Members of the Board of Directors (the "Board") and management personnel as well as creating a performance culture to drive value creation.

The Chairman of the Company was assessed on the basis of his contribution in the growth of the Company by his strategic directions on the expansion, diversification and business plans as well as successful execution of business plans and managing the relationship with the members of the Board and management.

The Independent Directors were assessed by taking into account their objective independent judgement on the Board deliberations, overall contribution and engagement in the growth of the Company, their active role in monitoring the effectiveness of Company's Corporate Governance practices and adherence to the code of conduct.

Based on the conclusions drawn on the evaluation of the Board and the Directors, it is expected that Board and the Directors will continue to play an even more meaningful role in the enhancement of shareholder value in the ensuing years.

✓ **Exclusive Meeting of Independent Directors:**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI LODR Regulations, a separate meeting of the Independent Directors of the Company was held on 28<sup>th</sup> March, 2016 to review the performance of Non-independent Directors and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

During the year under review, the Company has not paid any remuneration to any Directors.

✓ **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.

✓ **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

**c) Number of shares held as on 31<sup>st</sup> March, 2016 by non promoter Directors:**

Nil shares has been hold by the non promoter Directors as on 31<sup>st</sup> March, 2016

**d) Code of Conduct:**

The Company has adopted a 'Code of Conduct' for the members of the Board of Directors and the Senior Management. All Board members have affirmed compliance with the code. A declaration to this effect signed by the Director is given in as **Annexure – 1** to this report.

#### **e) 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 2015-16, as required under SEBI LODR Regulations.

### **3. COMMITTEES OF THE BOARD**

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 four committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.

The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors. All decisions pertaining to the constitution of the committees, appointment of members and fixing of terms of reference for the committee is taken by the Board of Directors.

Details on the role and composition of these committees, including number of meetings held during the financial year and the attendance of the members at these meetings, are provided below:

#### **a) Audit Committee:**

##### **✓ Composition of Audit committee:**

The Audit Committee was reconstituted on 17<sup>th</sup> September, 2015 due to the resignation of Mr. Gopal Bansal from the Directorship of the Company, who was a member of this committee.

As on 31<sup>st</sup> March, 2016 the Audit Committee comprises of three members viz. Mr. Vikram Sharma - (Chairman), Mr. Deep Chand Singhal and Ms. Rukhsana. In compliance with Regulation 18(1) of the SEBI LODR Regulations, two members of the Audit Committee including the Chairman of the committee are Independent Directors. All the members are 'financially literate' as required by SEBI LODR Regulations and have accounting or related financial management knowledge.

The Senior Management team, Internal Auditor and the Statutory Auditors are invited for the meetings of the Audit Committee. Ms. Deepika Rathore, Company Secretary is the Secretary to this Committee.

##### **✓ Terms of Reference:**

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;

- f. Disclosure of any related party transactions;
- g. Modified opinion(s) in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

✓ **Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
6. Statement of deviations:
  - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

✓ **Meetings of the Committee and Attendance of the Members during 2015-16**

During the year, total Five Audit Committee meetings were held respectively on 04/05/2015, 30/05/2015, 11/08/2015, 14/11/2015 and 13/02/2016. The attendance of the members of the committee mentioned as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Mr. Vikram Sharma	5	5
Ms. Rukhsana	5	5
Mr. Gopal Bansal*	5	3
Mr. Deep Chand Singhal	5	2

\*Mr. Gopal Bansal resigned from the Directorship of the Company and the committee was reconstituted as on 17<sup>th</sup> September, 2016, Mr. Deep Chand Singhal was introduced as the new member of the committee.

**b) Nomination and Remuneration Committee:**

✓ **Composition of Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee was reconstituted on 17<sup>th</sup> September, 2015 due to the resignation of Mr. Gopal Bansal from the Directorship of the Company, who was a member of this committee.

As on 31<sup>st</sup> March, 2016 the Nomination and Remuneration Committee comprises of three members viz. Mr. Vikram Sharma - (Chairman), Mr. Deep Chand Singhal and Ms. Rukhsana.

✓ **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

✓ **Meetings of the Committee and Attendance of the Members during 2015-16**

During the year, total two meetings were held respectively on 04/05/2015 and 17/09/2015. The attendance of the members of the committee mentioned as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Mr. Vikram Sharma	2	2
Ms. Rukhsana	2	2
Mr. Gopal Bansal*	2	1
Mr. Deep Chand Singhal	2	1

\*Mr. Gopal Bansal resigned from the Directorship of the Company and the committee was reconstituted as on 17<sup>th</sup> September, 2016, Mr. Deep Chand Singhal was introduced as the new member of the committee.

✓ **Role of committee shall, inter-alia, include the following:**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

### c) Stakeholders Relationship Committee:

#### ✓ **Composition of Nomination and Remuneration Committee:**

The Company has a Board level Stakeholders Relationship Committee to examine and redress shareholders complaints. The status on complaints and share transfers is reported to the Board in quarterly meetings.

The Stakeholders Relationship Committee was reconstituted on 17<sup>th</sup> September, 2015 due to the resignation of Mr. Gopal Bansal from the Directorship of the Company, who was a member of this committee.

As on 31<sup>st</sup> March, 2016 the Stakeholders Relationship Committee comprises of three non executive Directors as its members viz. Mr. Vikram Sharma - (Chairman), Mr. Deep Chand Singhal and Ms. Rukhsana.

The Board has designated Ms. Deepika Rathore, Company Secretary as the Compliance Officer.

#### ✓ **Terms of reference**

The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

In addition to the above, the committee shall also:

1. Oversee and review all matters connected with the transfer of the Company's securities.
2. Monitor redressal of investors' / shareholders' / security holders' grievances.
3. Oversee the performance of the Company's Registrar and Transfer Agents.
4. Recommend methods to upgrade the standard of services to investors.
5. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

#### ✓ **Meetings of the Committee and Attendance of the Members during 2015-16**

During the year, total two meetings were held respectively on 14/07/2015 and 17/10/2015. The attendance of the members of the committee mentioned as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Mr. Vikram Sharma	2	2
Ms. Rukhsana	2	2
Mr. Gopal Bansal*	2	1
Mr. Deep Chand Singhal	2	1

\*Mr. Gopal Bansal resigned from the Directorship of the Company and the committee was reconstituted as on 17<sup>th</sup> September, 2016, Mr. Deep Chand Singhal was introduced as the new member of the committee.

During the year under review, no complaint was received from any shareholder. There were no pending complaints either at the beginning or at the end of the year.

The Board has delegated the power of share transfer to the Registrar and Share Transfer Agent viz. Skyline Financial Services Private Limited, D-153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020, who process the share transfer applications.

### d) Risk Management Committee:

#### ✓ **Composition of Risk Management Committee:**

The Company is not required to constitute a risk management committee as per the SEBI LODR Regulations but for the better governance the Board has constituted the Risk Management Committee to eliminate the risk associated with the business of the Company.

As on 31<sup>st</sup> March, 2016 the Risk Management Committee comprises of three Directors as its members viz. Mr. Vikram Sharma - (Chairman), Mr. Deep Chand Singhal and Mr. Sunil Kumar.

✓ **Meetings of the Committee and Attendance of the Members during 2015-16**

During the year, total two meetings were held respectively on 11/08/2015 and 12/12/2015. The attendance of the members of the committee mentioned as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Mr. Vikram Sharma	2	2
Ms. Rukhsana	2	2
Mr. Gopal Bansal*	2	1
Mr. Deep Chand Singhal	2	1

\*Mr. Gopal Bansal resigned from the Directorship of the Company and the committee was reconstituted as on 17<sup>th</sup> September, 2016.

**4. GENERAL BODY MEETINGS:**

a) Details of last three Annual General Meeting is given below:

Year	Day, Date and Time	Venue of the Meetings	Details of the Special Resolutions Passed
2015	Tuesday, 29/09/2015 at 10:00 a.m.	105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, India	1. Alteration of Memorandum of Association as per Companies Act, 2013; 2. Adoption of New Set of Articles of Association as per Companies Act, 2013
2014	Friday, 08/08/2014 at 02:00 p.m.	105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, India	Nil
2013	Friday, 16/08/2013 at 11:00 a.m.	105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, India	Nil

b) During the year under review, no resolutions were passed through Postal Ballot

c) During the year no extra ordinary general meeting was held.

**5. MEANS OF COMMUNICATION:**

The Company's website [www.sonalmercantile.com](http://www.sonalmercantile.com) contains a separate section viz. "Investor Info" under which shareholders information is available in a user friendly and downloadable form.

✓ **Quarterly Results :**

Quarterly Standalone Results are normally published in "Mint – All Editions" and "Naya India – Hindi Edition, Delhi" newspapers and the same are posted on Company's website i.e [www.sonalmercantile.com](http://www.sonalmercantile.com)

✓ **Annual Report**

Annual report containing the Audited Standalone Accounts together with Auditors' Reports, Directors Reports, Corporate Governance reports and Management Discussion and Analysis is posted on the Company's website i.e. [www.sonalmercantile.com](http://www.sonalmercantile.com)

Apart from quarterly results and annual reports of the Company, the Company's website also contains corporate governance reports, shareholding patterns for last 5 years and contact information.

## 6. GENERAL SHAREHOLDER INFORMATION

- ✓ Annual General Meeting Schedule : Friday, 30<sup>th</sup> September, 2016 at 10.00 a.m. at 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi – 110034.
- ✓ Last date for receipt of proxies : The proxy forms duly filled and signed by the members be sent to the Company at its registered office latest by 27<sup>th</sup> September, 2016 (before 10:00 a.m.)
- ✓ Financial Calendar (2016-17) (Tentative) : The Financial year of the Company is 01<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

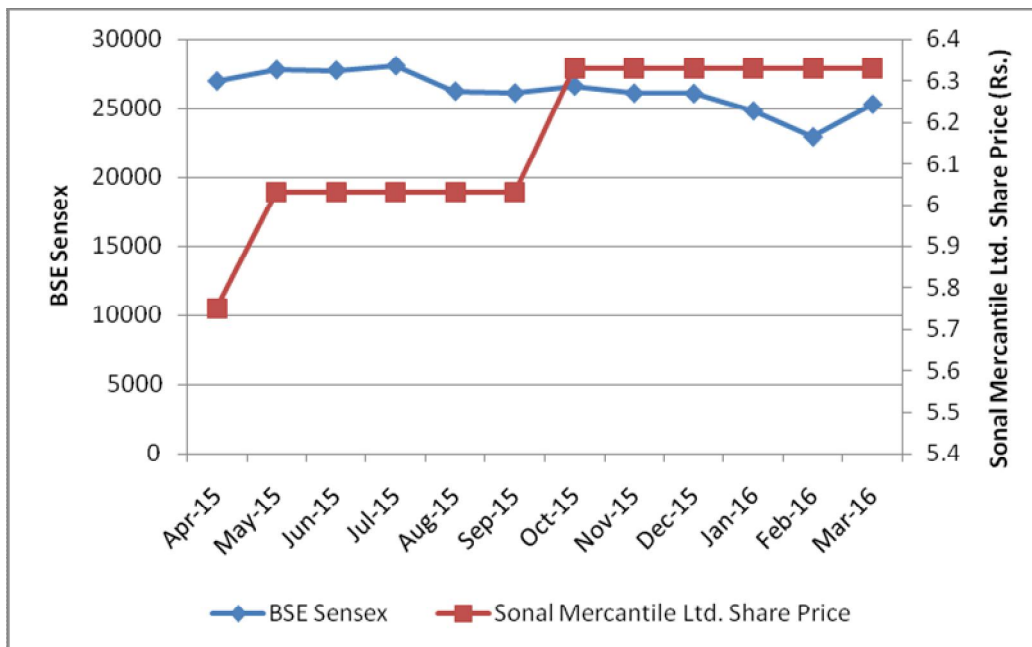
Financial Year Reporting	Proposed Date (2016-17)
Un-audited Financial Results for quarter ended 30/06/2016	Last week of July, 2016
Un-audited Financial Results for quarter ended 30/09/2016	Last week of October, 2016
Un-audited Financial Results for quarter ended 31/12/2016	Last week of January, 2017
Un-audited Financial Results for quarter ended 31/03/2017	Last week of April, 2017
Annual General Meeting	August, 2017

- ✓ Dates of Book Closure : 24/09/2016 to 30/09/2016 (both days inclusive)
- ✓ Dividend Payment Date : Not Applicable
- ✓ Listing at Stock Exchanges : BSE Limited, Dalal Street Fort, Mumbai – 400001  
Delhi Stock Exchange (DSE), 3/1, Asaf Ali Road, New Delhi - 110002
- ✓ Listing Fees : The Listing fees for the year 2015-16 paid to BSE Limited
- ✓ Scrip Code : 538943 (BSE) and 5053 (DSE)
- ✓ ISIN No. : INE321M01017
- ✓ CIN No. : L51221DL1985PLC022433
- ✓ Market Price & Data : Stock Market price data for the Financial Year 2015-2016. High/ Low of daily closing market price of the Company's shares traded at BSE during each month in the financial year ended 31<sup>st</sup> March, 2016 are as under:

Month	High (In Rs.)	Low (In Rs.)	Close (In Rs.)	No. of Shares Traded
May-15	6.03	6.03	6.03	1,000
Oct-15	6.33	6.33	6.33	1

Except May 2015 and October 2015, no trading was done on BSE during the financial year 2015-16

- ✓ Performance of share price in comparison with the broad – based indices viz. BSE Sensex:



- ✓ 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
- ✓ Share Transfer process : The Company's shares are traded on the Stock Exchanges in compulsory demat mode. The transfer of Physical shares are processed and returned to the shareholders within a period of 15 days.
- ✓ Distribution of shareholding as on 31<sup>st</sup> March, 2016

Share or Debenture holding Nominal Value (Rs.)	Number of Shareholders	% to Total Numbers	Share or Debenture holding Amount (Rs.)	% to Total Amount
Up To 5,000	266	47.42	546150	0.37
5001 To 10,000	58	10.34	579750	0.39
10001 To 20,000	18	3.21	315000	0.21
20001 To 30,000	12	2.14	305000	0.21
30001 To 40,000	2	0.36	80000	0.05
40001 To 50,000	32	5.7	1592000	1.08
50001 To 1,00,000	42	7.49	3893650	2.64
1,00,000 and Above	131	23.35	140073700	95.04
<b>Total</b>	<b>561</b>	<b>100</b>	<b>147385250</b>	<b>100</b>

- ✓ Shareholding pattern as on 31<sup>st</sup> March, 2016

Category	Number of Equity Shares held	% of Shareholding
Promoters and Promoters Group	753280	5.11
Corporate Bodies	7336314	49.78
Overseas Corporate Bodies	-----	-----
Public	6648931	45.11
<b>Total</b>	<b>14738525</b>	<b>100.00</b>



- ✓ Dematerialization of shares : As on 31<sup>st</sup> March, 2016, 8709600 Equity Shares representing 59.10% of the Company were held in dematerialised form and 6028925 Equity Shares representing 40.90% of the issued share capital were held in physical form. At the end of each quarter, reconciliation of share capital audit is conducted by a Practising Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form.
- ✓ Plant Locations : Not Applicable
- ✓ Outstanding Bonds/ Convertible Instruments : NIL
- ✓ Address for correspondence : 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)

## **7. OTHER DISCLOSURES:**

- ✓ The Company did not have any material significant related party transaction having a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the Notes to accounts.
- ✓ The financial statements have been prepared in accordance with the applicable accounting standards and policies generally accepted in India and are unqualified.
- ✓ There were no instances of non-compliance by the Company on any matter related to the capital markets, resulting in disciplinary action against the Company by the Stock Exchanges or Securities & Exchange Board of India (SEBI) or any other statutory authority, during the last three years.
- ✓ The Company has a Whistle Blower Policy for employees to report concerns about unethical behavior, actual or suspected fraud or violation of our code of conduct or ethics policy and confirms that no personnel have been denied access to the Audit Committee.
- ✓ The Company has complied with the corporate governance requirements as prescribed in Regulations 17 to 27, 46(2) (b) to (i) and para C, D and Schedule V of Chapter IV of the SEBI LODR Regulation.
- ✓ The Policy on Related Party Transactions are available at [http://sonalmercantile.com/images/Policy\\_for\\_Related\\_Party\\_Transactions.pdf](http://sonalmercantile.com/images/Policy_for_Related_Party_Transactions.pdf)
- ✓ **CFO Certification:** The CFO and the Whole Time Director have certified to the Board, the requirements of the SEBI LODR Regulation, with regard to the financial statements forms part of this Report as **Annexure - 2**.
- ✓ **Compliance Certificate:** Pursuant to the SEBI LODR Regulation, a certificate from Ms. Rachna Bhasin, Practicing Company Secretary, certifying the compliance by the Company with the provisions of the Corporate Governance of the SEBI LODR Regulation forms part of this Report as **Annexure - 3**.

### **Registered Office:**

105/33, Vardhman Golden Plaza,  
Road No. 44, Pitampura,  
Delhi - 110034

**Date: 30<sup>th</sup> May, 2016**

**Place: New Delhi**

*By order of the Board of Director  
For **Sonal Mercantile Limited***

**Sd/-  
Deepika Rathore  
Company Secretary &  
Compliance Officer  
M.No. A34331**

## ANNEXURE – 1 TO CORPORATE GOVERNANCE REPORT

### CERTIFICATE FOR ADHERENCE TO THE CODE OF CONDUCT

*[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

#### DECLARATION BY THE DIRECTOR

To

**The Members of Sonal Mercantile Limited**

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the listing agreement with the stock exchange, I hereby confirm that, all the Directors and senior management personnel of the Company to whom the code of conduct is applicable have affirmed the compliance of the said code during the financial year ended 31<sup>st</sup> March, 2016.

*For* **Sonal Mercantile Limited**

**Date: 30<sup>th</sup> May, 2016**

**Place: Delhi**

**Sd/-**

**Sunil Kumar**

**Whole Time Director**

**(DIN- 00243057)**

## ANNEXURE – 2 TO CORPORATE GOVERNANCE REPORT

### COMPLIANCE CERTIFICATE

[Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

#### DIRECTOR AND CFO CERTIFICATION TO THE BOARD

To,

**The Board of Directors,  
Sonal Mercantile Limited  
105/33, Vardhman Golden Plaza,  
Road No. 44, Pitampura,  
Delhi – 110034**

We, Sunil Kumar, Director and Anjali Aggarwal, Chief Financial Officer of Sonal Mercantile Limited, to the best of our knowledge and belief, certify that:

a. We have reviewed the financial statements and the cash flow statement for the year 2015-16 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2015-16 which are fraudulent, illegal or violative of the Company's code of conduct;

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee -

- Significant changes in internal control over the financial reporting during the year 2015-16;
- Significant changes in accounting policies during the year 2015-16 and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over the financial reporting.

**Date: 30<sup>th</sup> May, 2016  
Place: Delhi**

**Sd/-  
Sunil Kumar  
(Director)  
(DIN: 00243057)**

**Sd/-  
Anjali Aggarwal  
(Chief Financial Officer)  
(PAN: BAWPA1437J)**

## ANNEXURE – 3 TO CORPORATE GOVERNANCE REPORT

### **CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

*[Pursuant to Schedule V(E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

**To**

**The Members of Sonal Mercantile Limited**

We have examined the compliance of conditions of corporate governance by Sonal Mercantile Limited (“the Company”) for the year ended 31<sup>st</sup> March 2016, as stipulated in Clause 49 of the Listing Agreement executed by the Company with the BSE Limited (‘BSE’) for the period from 1<sup>st</sup> April 2015 to 30<sup>th</sup> November 2015; and as prescribed in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulation”) for the period from 1<sup>st</sup> December 2015 to 31<sup>st</sup> March 2016. We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the 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 the above mentioned Listing Agreement/ SEBI LODR Regulation.

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> May, 2016**

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

## INDEPENDENT AUDITOR'S REPORT

To  
The Shareholders of  
**SONAL MERCANTILE LIMITED**

### **Report on Financial Statements**

We have audited the accompanying financial statements of **SONAL MERCANTILE LIMITED**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place the adequate internal financial control system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### **Opinion**

In our opinion and to the best of our information and 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 accounting principles generally accepted in India:

- i. In case of the Balance Sheet, of the **state of affairs** of the company as at 31<sup>st</sup> March 2016;
- ii. In case of Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- iii. In case of 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 2016 (the Order), as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure- A**, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. The Company is a Non- Banking Financial Company not accepting public deposit and holding certificate of registration no. B-14.02393 dated 19/02/2002 from Reserve Bank of India has been issued to the Company.
  - a. The Board of Directors of the company has passed a resolution for the non-acceptance of any public deposits.
  - b. The company has not accepted any public deposits during the relevant year.
  - c. 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.
3. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and 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 it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. The observation of financial transactions does not reveal any matter which has any adverse effect on the functioning of the Company.
  - g. With respect to adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure- B**.
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company does not have any pending litigations in its financial statements;
    - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses. However, company does not enter into any long-term contracts including derivative during the specified period;
    - iii) The Company is not required to transfer any amount to the Investor Education and Protection Fund.

**For V.N. PUROHIT & CO.**

**Chartered Accountants**

**FRN: 304040E**

**Sd/-**

**O. P. Pareek**

**Partner**

**M. No. : 014238**

**New Delhi, the 30th day of May 2016**

## **ANNEXURE- A TO THE AUDITOR'S REPORT**

The Annexure referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date to the members of **Sonal Mercantile Limited** (the Company) for the year ended on 31<sup>st</sup> March 2016.

- (i) a) As per information and explanation given to us, the Company is maintaining proper records showing full disclosures of the fixed assets;
  - (b) As per information and explanation given to us, physical verification of fixed assets has been conducted once in a year by the management and no material discrepancies were noticed during the course of verification;
  - (c) According to information and explanation given to us, the company does not hold any immovable property during the period dealt with by this report;
- (ii) As per information and explanation given to us, verification of inventory has been conducted once in a year by the management and no material discrepancies were noticed during the course of verification.
- (iii) According to information and explanations given to us, the Company has not granted unsecured loans to parties covered in register maintained under section 189 of the Companies Act, 2013 and hence provisions of this sub- clause are not applicable;
- (iv) According to information and explanations given to us, the Company have complied the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security so given by the Company.
- (v) According to information and explanations given to us, the Company has not accepted public deposits and the provision of section 73 to 76 or other relevant provisions of the Companies Act, 2013 and rules framed thereunder are not applicable to the Company;
- (vi) According to information and explanations given to us, the Company is not liable to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013;
- (vii) (a) According to information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including income-tax and any other applicable statutory dues to the appropriate authorities and there are no outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable;
  - (b) According to 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.
- (viii) According to information and explanations given to us, the company has not obtained any loans and borrowings from any financial institution, bank, government or dues to debenture holders, and hence question of default of repayment does not arise;
- (ix) According to information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer. The Company has not taken any term loans from any bank or financial institution;
- (x) According to information and explanations given to us, there is no noticed or unreported fraud on or by the Company during the year under audit;
- (xi) According to information and explanations given to us, the Company has paid managerial remuneration in accordance with applicable provisions of the Companies Act, 2013;
- (xii) As per information, the Company is not a Nidhi Company, hence provisions of sub- clause (xii) of the Paragraph 3 of the Order are not applicable;
- (xiii) According to information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards;
- (xiv) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

- (xv) According to information and explanations given to us, the Company has not entered into non- cash transactions with directors or persons connected with him;
- (xvi) According to information and explanations given to us, the Company is a Non- Banking Financial Company duly registered under Section 45-1A of the Reserve Bank of India Act, 1934;

Signed for the purpose of identification

**For V.N. PUROHIT & CO.**  
**Chartered Accountants**  
**FRN: 304040E**

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

**New Delhi, the 30th day of May 2016**



## **ANNEXURE- B TO THE AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub- section (3) of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of SONAL MERCANTILE LIMITED (the Company) as on 31<sup>st</sup> March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for the Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidences we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**For V.N. PUROHIT & CO.**

**Chartered Accountants**

**FRN: 304040E**

**Sd/-**

**O. P. Pareek**

**Partner**

**M. No. : 014238**

**New Delhi, the 30th day of May 2016**

## **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that: -

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipt and expenditures of the Company are being only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and could not be detected. Also, projections of any evaluation of the internal financial control over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on "the internal financial controls over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For V.N. PUROHIT & CO.**

**Chartered Accountants**

**FRN: 304040E**

**Sd/-**

**O. P. Pareek**

**Partner**

**M. No. : 014238**

**New Delhi, the 30th day of May 2016**

**SONAL MERCANTILE LIMITED****CIN : L51221DL1985PLC022433**

BALANCE SHEET AS ON 31ST MARCH, 2016

Particulars	Notes	31st March 2016 (Rupees)	31st March 2015 (Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' fund</b>			
Share Capital	3	147,385,250	147,385,250
Reserves and Surplus	4	74,025,223	73,545,045
<b>Non-current liabilities</b>			
Long-term Borrowings	5	-	-
Long-Term Provisions	6	659,106	527,971
<b>Current liabilities</b>			
Other Current Liabilities	7	3,048,134	770,690
Short-Term Provisions	8	434,727	273,527
<b>Total</b>		<b>225,552,440</b>	<b>222,502,483</b>

**ASSETS****Non-Current Assets**

## Fixed Assets

## (i) Tangible Assets

## Deferred Tax Assets (net)

## Other Non- Current Assets

**Current Assets**

## Inventories

## Cash and Cash Equivalents

## Short- term loan and advances

## Other Current Assets

**Total**

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/-  
**Sunil Kumar**  
**Whole Time**  
**Director**  
**DIN: 00243057**

Sd/-  
**D.C. Singhal**  
**Director**  
**DIN: 00815681**

Sd/-  
**Anjali Aggarwal**  
**CFO**

Sd/-  
**Deepika Rathore**  
**Secretary**  
**M.No. 34331**

New Delhi, the 30th day of May 2016

## **SONAL MERCANTILE LIMITED**

**CIN : L51221DL1985PLC022433**

**STATEMENT OF TRADING & PROFIT AND LOSS FOR THE PERIOD ENDED ON 31ST MARCH, 2016**

<b>Particulars</b>	<b>Notes</b>	<b>From 1st April 2015 to 31st March 2016 (Rupees)</b>	<b>From 1st April 2014 to 31st March 2015 (Rupees)</b>
<b>Income</b>			
Revenue from operations	<b>16</b>	23,218,320	23,274,126
Other Income	<b>17</b>	109,445	-
<b>Total Revenue (I)</b>		<b>23,327,765</b>	<b>23,274,126</b>
<b>Expenses</b>			
Purchases of stock in trade	<b>18</b>	9,031,666	13,427,018
Changes in inventories	<b>19</b>	2,066,820	1,893,780
Employee benefit expenses	<b>20</b>	6,086,790	4,059,831
Finance costs	<b>21</b>	24,459	99,328
Depreciation	<b>22</b>	472,763	707,836
Other administrative expenses	<b>23</b>	4,531,680	2,527,911
<b>Total (II)</b>		<b>22,214,178</b>	<b>22,715,704</b>
<b>Profit/ (loss) before tax ( I - II)</b>		<b>1,113,587</b>	<b>558,422</b>
<b>Tax expenses</b>			
Current Tax		549,460	349,874
Deferred tax		(47,186)	(100,975)
<b>Total Tax Expenses</b>		<b>502,274</b>	<b>248,899</b>
<b>Profit/ (loss) for the year after tax (PAT)</b>		<b>611,313</b>	<b>309,523</b>
<b>Earning per share (EPS)</b>			
[nominal value of share Rs. 10/-]			
Basic		0.04	0.02
Diluted		0.04	0.02
Summary of significant accounting policies	<b>2</b>		

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**

<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
<b>Sunil Kumar</b>	<b>D.C. Singhal</b>	<b>Anjali Aggarwal</b>	<b>Deepika Rathore</b>	
<b>Whole Time</b>	<b>Director</b>	<b>CFO</b>	<b>Secretary</b>	
<b>Director</b>				
<b>DIN: 00243057</b>	<b>DIN: 00815681</b>		<b>M.No. 34331</b>	

**New Delhi, the 30th day of May 2016**

**SONAL MERCANTILE LIMITED****CIN : L51221DL1985PLC022433**

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2016

	For the year ended 31st March 2016 (Rupees)	For the year ended 31st March 2015 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and after extra- ordinary items	982,452	423,977
Add/ Less: Adjustments for non- cash items:-		
Depreciation	472,763	707,836
Contingent provision against standard assets	131,135	134,445
Capital & amortised expenses	140,590	152,552
Operating Profit before working capital changes	<u>1,726,940</u>	<u>1,418,810</u>
<b>Working capital adjustments: -</b>		
(Increase)/ decrease in current loans and advances	(8,513,625)	2,726,516
(Increase)/ decrease in inventories	2,066,820	1,893,780
(Increase)/ decrease in other Current Assets	397,957	(1,170,980)
Increase/ (decrease) in current liabilities	2,277,444	(200,884)
Cash generated from operations	<u>(2,044,464)</u>	<u>4,667,242</u>
Direct Taxes Paid	(388,260)	(264,248)
<b>Net cash flow from operating activities (A)</b>	<b><u>(2,432,724)</u></b>	<b><u>4,402,994</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	-
<b>Net cash flow from investing activities (B)</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (decrease) in Borrowings	-	(497,754)
<b>Net cash flow from financing activities (C)</b>	<b><u>-</u></b>	<b><u>(497,754)</u></b>
<b>Net cash flow during the year (A + B + C)</b>	<b>(2,432,724)</b>	<b>3,905,240</b>
Add: Opening cash and cash equivalents	4,169,528	264,288
<b>Closing cash and cash equivalents</b>	<b><u>1,736,804</u></b>	<b><u>4,169,528</u></b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	487,001	1,081,332
Deposit with banks in current accounts	898,433	2,875,196
Cheque in Hand	351,370	213,000
<b>Toal cash and cash equivalents (note 8)</b>	<b><u>1,736,804</u></b>	<b><u>4,169,528</u></b>

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/- Sunil Kumar Whole Time Director DIN: 00243057	Sd/- D.C. Singhal Director DIN: 00815681	Sd/- Anjali Aggarwal CFO	Sd/- Deepika Rathore Secretary M.No. 34331
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New Delhi, the 30th day of May 2016

**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH 2016**

**1. Basis of preparation**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP comprises mandatory accounting standards as specified under the section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and other accounting pronouncements of the Institute of Chartered Accountants of India.

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**

Revenue is being recognized in accordance with the guidance note on Accrual basis of accounting issued by the institute of Chartered Accountants of India. Accordingly wherever there is uncertainty in the realization of income, the same is not accounted for till such time the uncertainty is resolved. Income from Sale of Shares is recognized on the execution of the transaction on the stock exchange. All expenses are accounted for on accrual basis.

**c. Fixed assets:**

Fixed Assets are valued at Historical cost, less Depreciation. Cost of fixed Assets includes 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.

**e. Depreciation**

Fixed assets are depreciated on a Written down Value method over the estimated useful lives of the assets considering the guidelines of Part C of Schedule II to the Companies Act, 2013. Following are useful lives for each asset category:

<b>Assets Category</b>	<b>Useful life (in years)</b>
Computers	3
Motor vehicles	8
Furniture and fittings	10

**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. 1,14,733 of Short provision of previous years. Deferred Taxes has been recognized on timing differences between accounting income and taxable income subject to consideration of prudence.

**g. Employee Benefits**

Provision for Gratuity has not been made, as presently no employee is eligible for the same. Provision of provident fund and ESI has not been made, as the Provisions of the same are yet not applicable to the company. The company is not paying leave encashment benefits to its employees as per the rules of the company.

**h. Borrowing Cost**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the month in which such assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in Statement of Profit and Loss in the year in which they are incurred.

**i. Earning Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**j. Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**SONAL MERCANTILE LIMITED****CIN : L51221DL1985PLC022433**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 31ST MARCH 2016

3. Share capital	As at 31st March 2016 (Rupees)	As at 31st March 2015 (Rupees)
<b>Authorised shares</b>		
1,50,00,000 (31st March 2015: 1,50,00,000) Equity Shares of Rs.10/- each	150,000,000	150,000,000
<b>Issued, subscribed and fully paid- up shares</b>		
1,47,38,525 (31st March 2015: 1,47,38,525) Equity Shares of Rs.10/- each fully paidup	147,385,250	147,385,250
<b>Total issued, subscribed and fully paid- up share capital</b>	<b>147,385,250</b>	<b>147,385,250</b>

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

	As at 31st March 2016		As at 31st March 2015	
	No.	(Rupees)	No.	(Rupees)
Share Capital at the beginning of the period	14,738,525	147,385,250	14,738,525	147,385,250
Issue during the period: -				
Equity share capital- allotted for consideration otherthan cash	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>14,738,525</b>	<b>147,385,250</b>	<b>14,738,525</b>	<b>147,385,250</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 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**

Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No.	% holding	No.	% holding
LILY INFRATECH PVT. LTD.	-	-	937145	6.36%
ORION INFRADEVELOPERS PVT. LTD.	771875	5.24%	771875	5.24%
CHIRANJIV DISTRIBUTORS PVT. LTD.	1319000	8.95%	1319000	8.95%
NABKRI DEVELOPERS PVT. LTD.	765625	5.19%	765625	5.19%
BULBUL BUILDCON PVT. LTD.	1243000	8.43%	1243000	8.43%

4. Reserves and surplus	As at 31st March 2016 (Rupees)	As at 31st March 2015 (Rupees)
<u>Securities premium account</u>		
Opening balance	72,529,750	72,529,750
Add: Premium on share capital	-	-
Less: Utilized/ transfer during the period	-	-
Closing balance	72,529,750	72,529,750
<u>Special reserves u/s 45-IC of the RBI Act, 1934</u>		
Opening balance	335,737	300,721
Add: transfer from P&L a/c during the year	122,263	35,016
Less: Utilized/ transfer during the period	-	-
Closing balance	458,000	335,737
<u>Surplus/ (deficit) in statement of profit &amp; loss</u>		
Balance as per last financial statements	679,558	539,496
Add: Profit/ (loss) for the year	611,313	309,523
Less: Utilized/ transfer during the period	-	-
Net (deficit) in statement of profit and loss	1,290,871	849,019
Less: Contingent Provision against Standard Assets	131,135	134,445
Less: Special reserve u/s 45-IC of the RBI Act, 1934	122,263	35,016
	<b>74,025,223</b>	<b>73,545,045</b>



**SONAL MERCANTILE LIMITED****CIN : L51221DL1985PLC022433**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 31ST MARCH 2016

	As at 31st March 2016 (Rupees)	As at 31st March 2015 (Rupees)
<b>5. Long-term Borrowings</b>		
BMW Financial Services - Car Loan	-	497,754
Less : Current Maturity of long term loan	-	497,754
	<u>-</u>	<u>-</u>
<b>6. Long-term provisions</b>		
<b>Contingent provision against standard assets*</b>		
Opening Balance	527,971	393,526
Add: Addition(written off) during the year	131,135	134,445
	<u>659,106</u>	<u>527,971</u>
<i>*A contingent provision against standard assets has been created at 0.30% (0.25% till 31st March, 2015) of the outstanding standard assets considering RBI circular Ref. No. DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014.</i>		
<b>7. Other Current Liabilities</b>		
Audit fee payable	23,000	22,472
Salary payable	-	249,350
Advance from Customer (Against Sale of Shares)	3,025,000	-
TDS Payable	134	1,114
Current Maturity of long term loan (Car Loan)	-	497,754
	<u>3,048,134</u>	<u>770,690</u>
<b>8. Short-term provisions</b>		
Provision for income tax	434,727	273,527
	<u>434,727</u>	<u>273,527</u>
<b>10. Deferred tax assets</b>		
Opening Balance	204,943	103,968
Add: Addition during the year	47,186	100,975
	<u>252,129</u>	<u>204,943</u>
<b>11. Other Non-Current Assets</b>		
<b>Capital &amp; amortised expenses not w/off Preliminary Expenses</b>		
Opening Balance	1,500	3,000
Add: addition during the year	-	-
Less: written off during the year	1,500	1,500
	<u>-</u>	<u>1,500</u>
(A)		
<b>Deferred revenue expenses</b>		
Opening Balance	259,180	410,232
Add: addition during the year	-	-
Less: written off during the year	139,090	151,052
	<u>120,090</u>	<u>259,180</u>
(B)		
<b>12. Inventories</b>		
Stock in trade (Shares & Securities)	-	2,066,820
	<u>-</u>	<u>2,066,820</u>

**SONAL MERCANTILE LIMITED****CIN : L51221DL1985PLC022433**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 31ST MARCH 2016

	As at 31st March 2016 (Rupees)	As at 31st March 2015 (Rupees)
<b>13. Cash and cash equivalents</b>		
Cash in hand	487,001	1,081,332
Balances with banks	898,433	2,875,196
Cheque in Hand	351,370	213,000
	<b>1,736,804</b>	<b>4,169,528</b>
<b>14. Short-term loan and advances</b>		
Loans portfolio* (including Interest Accrued) (recoverable in cash or kind, unsecured, considered good)	219,701,913	211,188,288
	<b>219,701,913</b>	<b>211,188,288</b>
*Standard Assets - as per The classification of loans under the RBI guidelines.		
<b>15. Other Current Assets</b>		
TDS receivable form I.T. Department	2,702,966	3,102,625
TDS receivable form BMW Financial Services	8,501	6,448
Prepaid Insurance of Car	49,207	49,558
	<b>2,760,674</b>	<b>3,158,631</b>
<b>16. Revenue from operations</b>		
	For the year ended 31st March 2016 (Rupees)	For the year ended 31st March 2015 (Rupees)
Sale of Shares	8,062,368	8,666,626
Interest Income	15,155,952	14,607,500
	<b>23,218,320</b>	<b>23,274,126</b>
<b>17. Other Income</b>		
	For the year ended 31st March 2016 (Rupees)	For the year ended 31st March 2015 (Rupees)
Interest on Income tax Refund	109,445	-
	<b>109,445</b>	<b>-</b>
<b>18. Purchase of trade goods</b>		
	For the year ended 31st March 2016 (Rupees)	For the year ended 31st March 2015 (Rupees)
Purchases of stock in trade	9,031,666	13,427,018
	<b>9,031,666</b>	<b>13,427,018</b>
<b>19. Changes in inventories</b>		
	For the year ended 31st March 2016 (Rupees)	For the year ended 31st March 2015 (Rupees)
Inventories at the beginning of the year - Stock in trade	2,066,820	3,960,600
Less : Inventories at the end of the year - Stock in trade (Inventories Are Valued at Lower of cost or Market Value)	-	2,066,820
	<b>2,066,820</b>	<b>1,893,780</b>
<b>20. Employee benefit expenses</b>		
	For the year ended 31st March 2016 (Rupees)	For the year ended 31st March 2015 (Rupees)
Salaries and wages	5,295,100	3,699,050
Bonus to Staff	252,500	50,000
Staff welfare expenses	539,190	310,781
	<b>6,086,790</b>	<b>4,059,831</b>

**SONAL MERCANTILE LIMITED**

CIN : L51221DL1985PLC022433

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 31ST MARCH 2016

<b>21. Finance costs</b>	<b>For the year ended 31st March 2016 (Rupees)</b>	<b>For the year ended 31st March 2015 (Rupees)</b>
Bank Charges	3,912	4,182
Interest on car loan	20,526	95,119
Interest on delayed payment of TDS	21	27
	<b>24,459</b>	<b>99,328</b>
<b>22. Depreciation</b>	<b>For the year ended 31st March 2016 (Rupees)</b>	<b>For the year ended 31st March 2015 (Rupees)</b>
Depreciation	472,763	707,836
	<b>472,763</b>	<b>707,836</b>
<b>23. Other administrative expenses</b>	<b>For the year ended 31st March 2016 (Rupees)</b>	<b>For the year ended 31st March 2015 (Rupees)</b>
Advertisement & Publication Expenses	94,231	58,404
Annual Custodial Fee	103,050	67,416
Auditor's Remuneration (Note No. 31)	31,525	28,653
Books & Periodicals	53,992	26,744
Business Promotion	1,334,460	87,200
Bse Listing Fees	224,720	696,632
Car Insurance	74,466	75,444
Conveyance Expenses	580,390	348,585
Diwali Expenses	242,500	118,500
Demat Charges	23,404	29,219
Electricity Expenses	6,280	6,860
Lease Rentals (Note No. 29)	120,000	120,000
ROC Filing Fee	17,400	25,800
Postage, Courier, Fax & Telegrams	71,110	39,656
Printing and Stationery	164,350	43,534
Professional Charges	211,306	10,000
Registration Fee (DSE)	-	22,472
RTA Expenses	43,993	6,742
Shortage & Excess	-	6
Telephone & Mobile Expenses	126,113	86,985
Tours & Travelling Expenses	533,950	246,680
Vehicle Running & Maintenance	329,850	225,827
Website Expenses	4,000	4,000
Preliminary expenditure w/off	1,500	1,500
Deferred revenue expenditure w/off	139,090	151,052
	<b>4,531,680</b>	<b>2,527,911</b>

**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**

<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
Sunil Kumar	D. C. Singhal	Anjali Aggarwal	Deepika Rathore
Whole Time	Director	CFO	Secretary
Director			
DIN: 00243057	DIN: 00815681		M.No. 34331

New Delhi, the 30th day of May 2016

**SONAL MERCANTILE LIMITED**

CIN : L51221DL1985PLC022433

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 31ST MARCH 2016

## Note - 9 (Fixed Assets)

(Amount in Rupees)

Tangible assets	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Balance as at 1 April, 2015	Additions / Deletion	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation during the year	Balance as at 31 March, 2016	W.D.V. as on 31.03.2016	W.D.V. as on 31.03.2015
<b>Tangible Assets</b>									
(a) Furniture and Fixtures	36.20%	14,000	-	14,000	11,304	976	12,280	1,720	2,696
(b) Motor Car	32.34%	3,157,938	-	3,157,938	1,713,951	466,943	2,180,894	977,044	1,443,987
(b) Computer	70.11%	35,600	-	35,600	28,690	4,844	33,534	2,066	6,910
<b>Total</b>		3,207,538	-	3,207,538	1,753,945	472,763	2,226,708	980,830	1,453,593
<b>Previous year</b>		3,207,538	-	3,207,538	1,046,109	707,836	1,753,945	1,453,593	2,161,429

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/-                      Sd/-  
Sunil Kumar            D.C. Singhal            Anjali Aggarwal            Deepika Rathore  
Whole Time            Director                      CFO                              Secretary  
Director  
DIN: 00243057            DIN: 00815681                              M.No. 34331

New Delhi, the 30th day of May 2016

**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH 2016**

24. 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.

25. The company is an Investing & financing company and most of the revenue of the company arise from investing activities. As Provisions of Accounting Standard (AS) – 17 on ‘Segment Reporting’ are not been applicable to the Company.

26. 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.

27. 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.

28. Necessary disclosures as per requirements of AS- 18 on ‘Related Party Disclosure’ are made as under: -

(a) Related Parties Covered: -

(i)	Key Management Personnel	Mr. Sunil Kumar (Whole Time Director) Ms. Deepika Rathore (Company Secretary) Ms. Anjali Aggarwal (CFO) Mr. Deep Chand Singhal (Director)
(ii)	Relatives of Key Management Personnel	Mrs. Sunita Bansal (Wife of Director)
(iii)	Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives	Gopal Bansal HUF

(b) Transaction with Related Parties: -

	Transaction with	Nature of Transaction	31/03/2016 (Rs.)	31/03/2015 (Rs.)
(i)	<b>Key Management Personnel: -</b>			
	Ms. Deepika Rathore	Salary	3,00,000	2,85,000
	Ms. Anjali Aggarwal	Salary	3,60,000	3,75,000
(ii)	<b>Relatives of Key Management Personnel:-</b>			
	Ms. Sunita Bansal	Sale of Shares	Nil	7,29,000
(iii)	<b>Enterprises in which Key Management Personnel and Relatives are having significant influences: -</b>			
	Gopal Bansal HUF	Sale of Investment	Nil	6,07,500
	Deep Chand Singhal	Rent Paid	1,20,000	1,20,000

29. The company has taken an office building on lease, which is classified as an operating lease. Lease Payment recognized in the statement of profit & loss for the year is Rs. 1,20,000/-.

30. Particulars	31/03/2016 (Rs.)	31/03/2015 (Rs.)
Earnings/ Remittances and/ or Expenditure in Foreign Currency	Nil	Nil

31. Break- up of Payments made to Statutory Auditors (excluding Service Tax) is disclosed as under: -

	31/03/2016 (Rs.)	31/03/2015 (Rs.)
In respect of Statutory Audit (including Tax Audit)	23,000	22,472
In respect of Certification	8,525	6,181
<b>TOTAL</b>	<b>31,525</b>	<b>28,653</b>

32. Particulars	31/03/2016 (Rs.)	31/03/2015 (Rs.)
Contingent Liability not provided for	Nil	Nil

33. Previous Year's Figures have been re-arranged or re-grouped wherever considered necessary.

34. Figures have been rounded off to the nearest rupees.

35. Figures in brackets indicate negative (-) figures.

In terms of our report of even date annexed

**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/-  
Sunil Kumar  
(Whole Time Director)  
DIN: 00243057

Sd/-  
D.C. Singhal  
(Director)  
DIN:00815681

New Delhi, the 30<sup>th</sup> day of May 2016

Sd/-  
Anjali Aggarwal  
(CFO)

Sd/-  
Deepika Rathore  
(Secretary)  
M.No. 34331

**Schedule to the Balance Sheet of a  
Non Deposit taking Non-Banking Financial Company**  
[As required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit  
Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

**SONAL MERCANTILE LIMITED**

**CIN : L51221DL1985PLC022433**

105/33, Vardhman Golden Plaza, Road No.44,  
Pitampura, New Delhi - 110034

**RBI No. B-14-02393 Dt.19.07.2002**

**For the year ended on 31st March, 2016**

(Rs.in lakhs)

Particulars		31.03.2016	
<b>Liabilities side :</b>			
1	<b>Loans and advances availed by the NBFCS inclusive of Interest accrued thereon but not paid :</b> (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 (e) Commercial Paper (f) Public Deposits* (g) Other Loans (specify nature) *Please see Note I below	Amount Outstanding	Amount overdue
		NIL	NIL
		NIL	NIL
		NIL	NIL
		NIL	NIL
		NIL	NIL
		NIL	NIL
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 (b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security (c) Other public deposits	NIL	NIL
		NIL	NIL
		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> (a) Secured (b) Unsecured	<b>Amount Outstanding</b>	
		Nil	
		2197.02	
4	<b>Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP Activities</b> (i) Lease 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) Hypothecation loans counting towards EL/HP activities (a) Loans where assets have been repossessed (b) Loans other than (a) above	NIL	
		NIL	
		NIL	
		NIL	
		NIL	
		NIL	
		NIL	
5	<b>Break-up of Investments :</b> Current Investments : 1. Quoted : (i) Shares : (a) Equity (b) Preference (ii) Debenture and Bonds (iii) Units of Mutual Funds (iv) Governments Securities (v) Others (please specify) 2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debenture and Bonds (iii) Units of Mutual Funds (iv) Governemts Securities (v) Others (Please specify)	NIL	
		NIL	
		NIL	
		NIL	
		NIL	
		NIL	
		NIL	
		NIL	
		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
(iii) 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	2197.02	2197.02
<b>Total</b>	NIL	2197.02	2197.02

<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

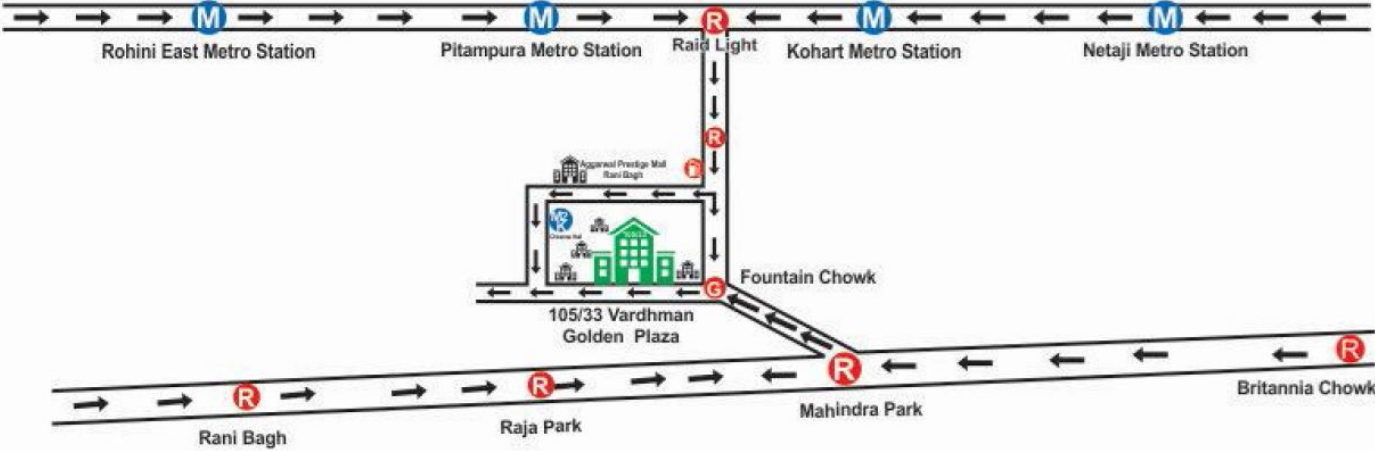
Sd/-  
O.P. Pareek  
Partner  
Membership No. 014238

Sd/- Sunil Kumar Whole Time Director DIN: 00243057	Sd/- D. C. Singhal Director DIN: 00815681	Sd/- Angali Aggarwal CFO	Sd/- Deepika Rathore Secretary M.No. 34331
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New Delhi, the 30th day of May 2016



# AGM VENUE ROUTE MAP



**SONAL MERCANTILE LIMITED**  
**CIN: L51221DL1985PLC022433**  
**Regd. Off.: 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi - 110034**  
**E mail- [sonalmercantile@yahoo.in](mailto:sonalmercantile@yahoo.in) Website: [www.sonalmercantile.com](http://www.sonalmercantile.com); Tel: +91-11-65656577**

**ATTENDANCE SLIP**  
**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**  
**Joint shareholders may obtain additional Slip at the venue of the Meeting**

DP Id\* \_\_\_\_\_ Folio No. \_\_\_\_\_  
 Client Id\* \_\_\_\_\_ No. of Share \_\_\_\_\_  
 Name and Address of the Member \_\_\_\_\_  
 Name and Address the of Proxy \_\_\_\_\_

I hereby record my presence at the **31<sup>st</sup> Annual General Meeting** of the members of the Company held on **Friday, the 30<sup>th</sup> September, 2016 at 10:00 a.m.** at 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi – 110034.

\_\_\_\_\_  
**Signature of Shareholder / Proxy**

\*Applicable for investors holding shares in electronic form. Signature of Shareholder / Proxy

TEAR HERE

**SONAL MERCANTILE LIMITED**  
**CIN: L51221DL1985PLC022433**  
**Regd. Off.: 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi - 110034**  
**E mail- [sonalmercantile@yahoo.in](mailto:sonalmercantile@yahoo.in) Website: [www.sonalmercantile.com](http://www.sonalmercantile.com); Tel: +91-11-65656577**

**FORM NO. MGT-11**  
**PROXY FORM**

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

Name of the Member(s): .....  
 Registered Address: .....  
 E-mail id: .....  
 Folio No./ Client ID NO\*: ..... DP ID NO\*: .....

I/We, being the member(s) holding ..... Shares of the above named company, hereby appoint:

1. Name: ..... E mail ID: .....  
 Address: .....  
 Signature: .....  
 or failing him

2. Name: ..... E mail ID: .....  
 Address: .....  
 Signature: .....  
 or failing him

3. Name: ..... E mail ID: .....  
 Address: .....  
 Signature: .....  
 or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **31<sup>st</sup> Annual General Meeting** of the members of the Company to be held on **Friday, the 30<sup>th</sup> September, 2016 at 10:00 a.m.** at 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi – 110034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
<b>ORDINARY BUSINESS</b>	
1	Adoption of Audited Financial Statement for Financial Year 2015-16
2	Appointment of Director liable to retire by rotation.
3	Re-Appointment of Statutory Auditor.
<b>SPECIAL BUSINESS</b>	
4	Re-Appointment of Mr. Sunil Kumar (DIN 00243057), as Whole-time Director of the Company

Signed this .....day of .....2016 Signature of Shareholder .....

Affix  
Revenue  
Stamp

Signature of Shareholder .....Signature of Proxy Holder .....

\* Applicable for investors holding shares in electronic form.

**NOTES:**

- This Form in order to be effective should be duly completed and deposited at the Registered office of the Company at 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi – 110034 not less than 48 hours before the Commencement of the Meeting.
- Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.