

# Sonal Mercantile Limited



**Annual Report 2017-2018**

## Contents

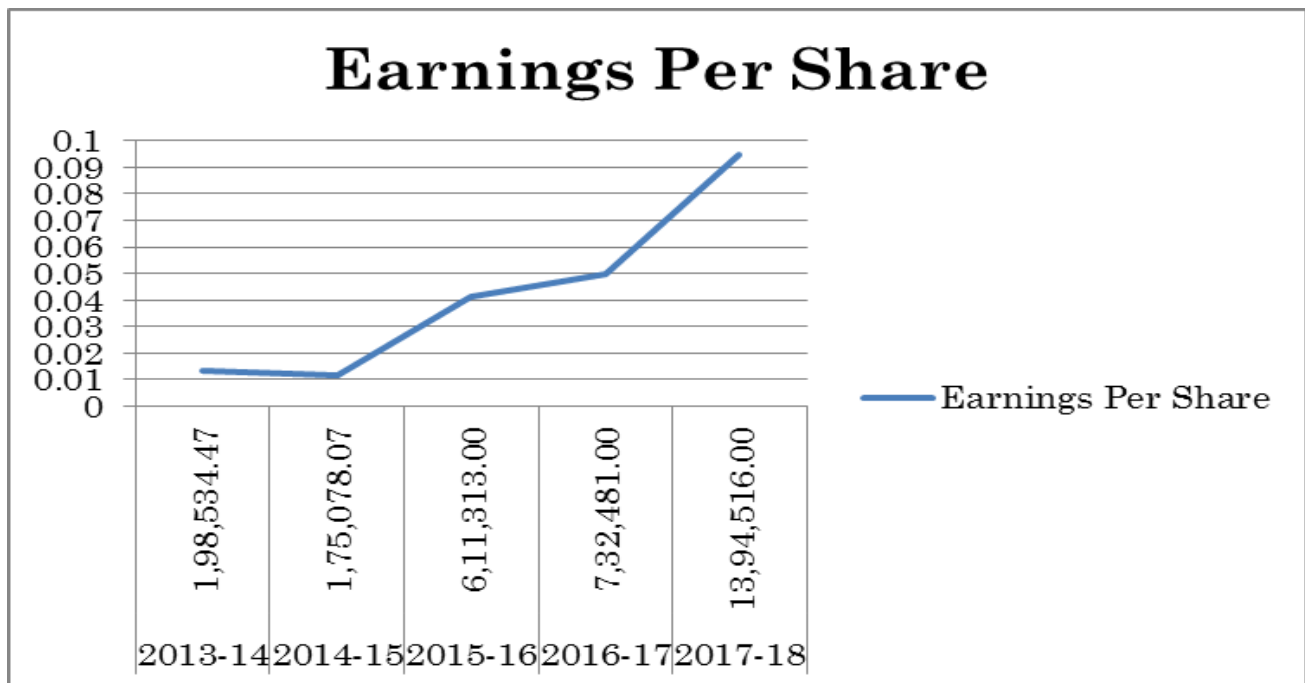
| <b>Serial No.</b> | <b>Particulars</b>  | <b>Page Number</b> |
|-------------------|---|--------------------|
| 1.                | <i>Financial Highlights</i>   | 1                  |
| 2.                | <i>Chairman's Message</i>   | 2                  |
| 3.                | <i>Company's Information</i>  | 3                  |
| 4.                | <i>Board's Report</i>   | 5                  |
|                   | <i>Annexures of Board's Report</i>  |                    |
| 4 (a)             | <i>Secretarial Audit Report</i>   | 13                 |
| 4 (b)             | <i>Extract of Annual Return (Form MGT-9)</i>                                | 16                 |
| 4 (c)             | <i>Statement of Particulars of Employees</i>                                | 23                 |
| 4 (d)             | <i>Disclosure of Particulars of Contracts/Arrangements (Form AOC-2)</i>     | 24                 |
| 5.                | <i>Management Discussions and Analysis Report (MDAR)</i>                    | 25                 |
| 6.                | <i>Corporate Governance Report (CGR)</i>                                    | 28                 |
|                   | <i>Annexures of Corporate Governance Report</i>                             |                    |
| 6 (a)             | <i>Certificate for adherence to the Code of Conduct</i>                     | 40                 |
| 6 (b)             | <i>Director and CFO Certification to the Board</i>                          | 41                 |
| 6 (c)             | <i>Certificate of compliance of conditions of Corporate Governance</i>      | 42                 |
| 7.                | <i>Financial Statements</i>   |                    |
| 7(a)              | <i>Independent Auditors Report with Annexure</i>                            | 43                 |
| 7(b)              | <i>Balance Sheet of F.Y. 2017-2018</i>                                      | 50                 |
| 7(c)              | <i>Statement of Profit &amp; Loss Account for year ended March 31, 2018</i> | 51                 |
| 7(d)              | <i>Cash Flow Statement of F.Y. 2017-2018</i>                                | 52                 |
| 7(e)              | <i>Notes to Financial Statements</i>  | 53                 |
| 8                 | <i>Notice of Thirty Third Annual General Meeting</i>                        | 64                 |
| 8 (a)             | <i>Annexures to Notice</i>  | 73                 |
| 8 (b)             | <i>Attendance Slip &amp; Proxy Form</i>                                     | 76                 |
| 8 (c)             | <i>Route Map of Thirty Third Annual General Meeting</i>                     | 77                 |

### **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 incurred 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.*

### Financial Highlights of Last Five Years

| Particulars                 | 2013-14         | 2014-15         | 2015-16         | 2016-17         | 2017-18         |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Total Revenue</b>        | 4,45,11,712.78  | 2,32,74,126.20  | 2,33,27,765.00  | 2,59,05,333.00  | 2,79,57,353.00  |
| <b>Profit Before Tax</b>    | 3,08,746.47     | 4,23,977.07     | 11,13,587.00    | 11,57,172.00    | 19,43,135.00    |
| <b>Profit After Tax</b>     | 1,98,534.47     | 1,75,078.07     | 6,11,313.00     | 7,32,481.00     | 13,94,516.00    |
| <b>Shareholders Fund</b>    | 22,07,55,216.68 | 22,09,30,294.75 | 22,14,10,473.00 | 22,22,75,192.00 | 22,36,46,465.00 |
| <b>Borrowings</b>           | 497,754.02.00   | 0.00            | 0.00            | 0.00            | 0.00            |
| <b>Earnings Per Share</b>   | 0.0134          | 0.0118          | 0.0414          | 0.0496          | 0.0946          |
| <b>Book Value Per Share</b> | 14.97           | 14.98           | 15.02           | 15.08           | 15.17           |



## **Chairman's Message**

### **Dear Members**

*It's a pleasure to present the Annual Report of Financial Year 2017-2018 of your Company. This year was remarkable; your Company had earned profit of Rs. 13.94 Lakh which was highest of last five year's profit. It's only because of your trust and loyalty on the Company. I am very thankful to you and our team.*

*Your company is engaged in providing loan and advances to individuals and Body Corporates i.e. inter corporate loans, personal loans, long term and short term loans, Trade financing, Bills Discounting, Project Appraisal, Loans against Guarantee and Properties and also engaged in Trading in shares & securities and arbitrage business in stock and commodity market. We are committed to further strengthening our capabilities that allow us to serve various financial needs of our customers – offering not only such loans but also protection and security for a better future.*

*The Company is focusing to achieve its vision and will provide best opportunities to new talents and existing personnel. This will not be possible without support of 'SML Team' and You.*

*Once again, I am very thankful to the entire 'SML Team' and to your support.*



*Yours Sincerely  
Vikram Sharma  
(Chairman)*

## COMPANY'S INFORMATION

### BOARD OF DIRECTORS

|                        |   |  |
|------------------------|---|--|
| Mr. Vikram Sharma      | - | Chairman & Independent Director                                  |
| Mr. Sunil Kumar        | - | Whole Time Director  |
| Mr. Deep Chand Singhal | - | Director   |
| Ms. Rukhsana           | - | Independent Director ( <i>Resigned w.e.f. June 01, 2018</i> )    |
| Mr. Naresh Poddar      | - | Independent Director ( <i>With effect from May 30, 2018</i> )    |
| Mrs. Anu Aggarwal      | - | Independent Director ( <i>With effect from August 13, 2018</i> ) |

### KEY MANAGERIAL PERSONNEL

|                       |   |   |
|-----------------------|---|---|
| Mr. Sunil Kumar       | - | Whole Time Director   |
| Mr. Rohit Saraogi     | - | Chief Financial Officer ( <i>With effect from on May 22, 2018</i> ) |
| Miss Anjali Aggarwal  | - | Chief Financial Officer ( <i>Resigned w.e.f. March 30, 2018</i> )   |
| Mrs. Richa Sharma     | - | Company Secretary ( <i>With effect from on March 07, 2018</i> )     |
| Miss. Deepika Rathore | - | Company Secretary ( <i>Resigned w.e.f. March 01, 2018</i> )         |

### STATUTORY AUDITOR

**M/s V.N. Purohit & Co., Chartered Accountants**  
214, New Delhi House, 2<sup>nd</sup> Floor, 27, Barakhamba Road, New Delhi-110001  
Email: [vnpdelhi@vnpaudit.com](mailto:vnpdelhi@vnpaudit.com) Website: [www.vnpaudit.com](http://www.vnpaudit.com)

### SECRETARIAL AUDITOR

**Mr. Nitin Gupta (Practicing Company Secretary)**  
A-72, First Floor, A Block, Sector-15, Noida, Uttar Pradesh-201301  
E-mail Id: [csnitingupta@gmail.com](mailto:csnitingupta@gmail.com)

### REGISTERED OFFICE

372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085 Contact No. 011-49091417  
E-mail Id: [sonalmercantile@yahoo.in](mailto:sonalmercantile@yahoo.in) Website: [www.sonalmercantile.in](http://www.sonalmercantile.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  
Email Id: [admin@skylinerta.com](mailto:admin@skylinerta.com) Website: [www.skylinerta.com](http://www.skylinerta.com)

### BANKERS OF THE COMPANY

Punjab National Bank & Union Bank of India

### LISTED AT/ RBI REGISTRATION NUMBER / CORPORATE IDENTIFICATION NUMBER

**Listed At:**  
BSE Limited, Mumbai (Scrip Code: 538943)  
Delhi Stock Exchange, Delhi (Scrip Code: 5053) (*DSE is an Inoperative Stock Exchange*)  
**RBI Registration Number:** B-14.02393 Dated 19/07/2002  
**Corporate Identification Number:** L51221DL1985PLC022433



## BOARDS' REPORT

**Dear Members**

Your Directors present the **Thirty Third Annual Report** of your Company together with the **Audited Financial Statements** of the Company for the Financial Year ended **March 31, 2018**.

### 1. Background

Your Company is registered with the Reserve Bank of India (RBI) as Non-Systemically Important Non-Deposit taking Non-Banking Financial Companies (NBFC).

### 2. Financial Highlights

| Particulars                     | Financial Year ended        |                             |
|---------------------------------|-----------------------------|-----------------------------|
|                                 | March 31, 2018<br>(In Lakh) | March 31, 2017<br>(In Lakh) |
| <b>Total Income</b>             | 279.57                      | 259.05                      |
| <b>Total Expenditure</b>        | 260.14                      | 247.48                      |
| <b>Profit/(Loss) before tax</b> | 19.43                       | 11.57                       |
| <b>Profit/(Loss) after tax</b>  | 13.94                       | 7.32                        |
| <b>Paid-up Share Capital</b>    | 1473.85                     | 1473.85                     |
| <b>Reserves and Surplus</b>     | 762.61                      | 748.89                      |

### 3. Operating Highlights

During the year under review, revenue from operation of the Company is Rs. 279.57 Lakh as compared to Rs. 259.05 Lakh in the previous year. The Company earned a profit of Rs. 13.94 Lakh net of taxes as compared to Rs. 7.32 Lakh in the previous year. Your Directors are putting in their best efforts to improve the performance of the Company.

### 4. Company's Affairs

Your Company is engaged in the business of providing Secured and Unsecured Loans & Advances and also to make investment in both quoted and unquoted securities. The Company offers specialized solutions for meeting specific liquidity requirements with technical insights into Capital Markets.

### 5. Dividend

To maintain the liquidity of funds, your Board of Directors does not recommend any dividend for the Financial Year under review.

### 6. Share Capital

There is no change in the Share Capital of the Company during the Financial Year under review.

### 7. Fixed Deposits

The Company has not accepted any fixed deposit during the year under review as per the provision of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## **8. Listing Agreement**

Your Company is listed on BSE Limited and complied with all the requirements of Listing Agreement. Also, your Company has already paid listing fees for the Financial Year 2018-19 to the BSE Limited. The Company is also listed on Delhi Stock Exchange (Inoperative Stock Exchange).

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

Your Company being a Non-Banking Financial Company (NBFC), the disclosure regarding particulars of loans made, guarantees given and securities provided in the ordinary course of its business is exempted as per the provisions of Section 186(11) of the Companies Act, 2013. Details of the investments made by the Company pursuant to the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2018.

## **10. 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.

## **11. Transfer to Reserves**

The Company has transferred an amount of Rs. 8.83 Lakh to the Special Reserve u/s 45-IC of the RBI Act, 1934 out of current year's profits.

## **12. Directors**

### **❖ Number of Meetings of the Board**

During the year, 11 (Eleven) 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 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 placed on the website of the Company i.e. [www.sonalmercantile.in](http://www.sonalmercantile.in). The web link of the policy is <http://www.sonalmercantile.in/investors-information.php>.

### **❖ 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.



#### ❖ Evaluation of the performance of the Board

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 are explained in the Corporate Governance Report.

The Independent Directors in their separate meeting has evaluated performance of Non-Independent Directors, performance of the Board as a whole and also performance of the Chairman of the Company.

#### ❖ Familiarization Programme for Independent Directors

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a Familiarization Programme for its 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.in](http://www.sonalmercantile.in).

#### ❖ Inductions

During the Financial Year 2017-2018, there has not been any appointment of new Director(s) in the Board of the Company. But, Mr. Naresh Poddar and Mrs. Anu Aggarwal has been appointed on the Board with effect from May 30, 2018 and August 13, 2018 as Additional director, who are proposed for regularization as Director in the ensuing Annual General Meeting.

#### ❖ 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, being eligible offered himself for reappointment. His Brief Resume is mentioned in the annexure attached to the Notice.

#### ❖ Resignation

During the year under review, there has not been any resignation of Director(s) from the Board of the Company. But, Ms. Rukhsana (Independent Director) has resigned w.e.f June 01, 2018.

#### ❖ 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

The details of Key Managerial Personnel (KMP) of the Company are:

| S. No. | Name of Key Managerial Personnel | Designation             | Appointment/Cessation        |
|--------|----------------------------------|-------------------------|------------------------------|
| 1.     | Mr. Sunil Kumar                  | Whole Time Director     | -                            |
| 2.     | Miss. Deepika Rathore            | Company Secretary       | Cessation (March 01, 2018)   |
| 3.     | Miss. Anjali Aggarwal            | Chief Financial Officer | Cessation (March 30, 2018)   |
| 4.     | Mrs. Richa Sharma                | Company Secretary       | Appointment (March 07, 2018) |
| 5.     | Mr. Rohit Saraogi                | Chief Financial Officer | Appointment (May 22, 2018)   |

### **13. Committees of the Board**

Your Company has a duly constituted Audit Committee, Nomination Committee, Stakeholder Relationship Committee and Risk Management Committee as per the provisions of Section 177, 178 of the Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors has constituted such committees to enable the Board to deal with specific areas/activities that need a closer review and to have an appropriate structure to assist in the discharge of its responsibilities.

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

### **14. Subsidiary Companies/Associate Companies/Joint Ventures**

The Company does not have any Subsidiary, Joint Venture or Associate Company.

### **15. Code of Conduct**

Your Company has already in place a well framed Code of Conduct for carrying its day to day business operations of the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the directors and the 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. The detailed Code of Conduct can be referred from the website of the Company and the web link is <http://www.sonalmercantile.in/investors-information.php>.

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

The Company has already in place a well framed Vigil Mechanism/ Whistle Blower Policy for Directors and Employees. 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. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. This policy is also placed on the website of the Company.

The link of the Vigil Mechanism is <http://www.sonalmercantile.in/investors-information.php>.

### **17. Business Risk Management Policy**

Pursuant to section 134(3)(n) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.sonalmercantile.in/investors-information.php>.

## 18. Prevention of Insider Trading

The Company has already 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. All Board Directors and the designated employees have confirmed compliance with the Code. The Code is uploaded on Company's website at <http://www.sonalmercantile.in/investors-information.php>.

## 19. Auditors

### ❖ Statutory Auditors

The shareholders of the Company had appointed 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 to conduct the Statutory Audit of the company.

M/s V. N. Purohit (Chartered Accountant) is doing the Statutory Audit of the Company from last Six (6) years and left with a term of four (4) years as per the applicable provisions of Companies Act, 2013, therefore, based on the recommendation of the Audit Committee, the Board of Directors, at their meeting held on *September 03, 2018*, have decided to recommend to the members of the Company for their approval the appointment of M/s V. N. Purohit again as the Statutory Auditor of the Company for a term of 4 years i.e. from the conclusion of ensuing 33<sup>rd</sup> AGM to conclusion of 37<sup>th</sup> AGM.

### ❖ Auditors' Report

The observations and Comments made by the Statutory Auditor in their Report read together with notes on the Financial Statements are self-explanatory and do not call for any further comments under Section 134 of the Companies Act, 2013.

### ❖ 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 Board of Directors had appointed *Mr. Nitin Gupta (Practicing Company Secretary)* to undertake the Secretarial Audit of the Company for Financial Year 2017-18. There is no qualification, reservation or adverse remark made in his Secretarial Audit Report. The Audit Report is annexed herewith as "Annexure A".

### ❖ Reporting of frauds by Auditors

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

## 20. 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 B".

## 21. Corporate Social Responsibility

Pursuant to provision of Section 135 of the Companies Act, 2013, your Company does not fall within the criteria of turnover and/or/ profit and/or net worth, therefore, the Company has neither formed CSR Committee nor CSR Policy.

## 22. 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.

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

- i. **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'.
- ii. **Foreign Exchange Earnings and Outgo:** The foreign exchange earnings and outgo are given below:

| Particulars               | 2017-18 (Rs.) | 2016-17 (Rs.) |
|---------------------------|---------------|---------------|
| Foreign Exchange Earnings | 0             | 0             |
| Foreign Exchange outgo    | 0             | 0             |

## 24. Particulars of Employees

The information required pursuant to Section 197 of the Companies Act, 2013 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 C".

## 25. 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company's Policy on Related Party Transactions. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 is mentioned in Form AOC-2. ("Annexure D")

The policy on Related Party Transactions is displayed on the website of the Company and the web link is <http://www.sonalmercantile.in/investors-information.php>.

## 26. 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 2017-18, no complaint was received by the Company related to sexual harassment.

## 27. Business Responsibility Report

Business Responsibility Report as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to the Company.

## 28. 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 Report on Corporate Governance regarding compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual Report and also a Certificate from the

Practicing Company Secretary of the Company regarding compliance with the conditions of Corporate Governance forms a part of this Report.

## **29. Management's Discussion and Analysis Report**

Management's Discussion and Analysis Report (MDAR) for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

## **30. Disclosures under the Act**

### **❖ Significant and Material Orders**

No significant and material order was passed against the Company by any regulator or court or tribunal 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. March 31, 2018 and the date of the Boards' Report.

### **❖ Change in the Nature of Business**

There was no change in the nature of the Business of the Company during the Financial Year.

## **31. 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.

## **32. Compliance with the provisions of Secretarial Standard-1 and Secretarial Standard-2**

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and that such systems are adequate and operating effectively.

### **33. 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  
Sonal Mercantile Limited**

**Date: September 03, 2018  
Place: New Delhi**

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

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

**FORM NO. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2018**

*[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**  
372, Vardhman Plaza, III Floor,  
Sector-3, Rohini, New Delhi-110085

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, 2018 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, 2018 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;

(vi) Reserve Bank of India 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 (ICSI);
- (ii) The Listing Agreement as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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** 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: 03<sup>rd</sup> September, 2018**

**Sd/-**  
**Nitin Gupta**  
**Practicing Company Secretary**  
**Membership No: 35299**  
**C.P. No.: 14087**

*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**  
372, Vardhman Plaza, III Floor,  
Sector-3, Rohini, New Delhi-110085

**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. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I 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. My 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: 03<sup>rd</sup> September, 2018**

**Sd/-**  
**Nitin Gupta**  
**Practicing Company Secretary**  
**Membership No: 35299**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**AS ON FINANCIAL YEAR ENDED ON 31/03/2018**

*[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:**

|             |  |  |
|-------------|--|--|
| <b>i.</b>   | <b>CIN</b>   | L51221DL1985PLC022433  |
| <b>ii.</b>  | <b>Registration Date</b>   | 04-11-1985   |
| <b>iii.</b> | <b>Name of the Company</b>   | Sonal Mercantile Limited   |
| <b>iv.</b>  | <b>Category/Sub-Category of the Company</b>                              | Public Company /Limited By Shares  |
| <b>v.</b>   | <b>Address of the Registered office and contact details</b>              | 372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085<br>Tel. No. 011-49091417<br>Email: <a href="mailto:sonalmercantile@yahoo.in">sonalmercantile@yahoo.in</a><br>Website: <a href="http://www.sonalmercantile.in">www.sonalmercantile.in</a>  |
| <b>vi.</b>  | <b>Whether listed company</b>  | Yes (Listed on BSE Limited and DSE)  |
| <b>vii.</b> | <b>Name, Address and Contact details of Registrar and Transfer Agent</b> | Contact Officer : Mr. Virender Rana<br>Skyline Financial Services Private Limited<br>SEBI Regn. No.: INR000003241<br>D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020.<br>Tel No.: +91-11- 26812682/ 011-40450193<br>Fax No.: +91-11-26812683<br>Email id.: <a href="mailto:viren@skylinerta.com">viren@skylinerta.com</a> / <a href="mailto:admin@skylinerta.com">admin@skylinerta.com</a><br>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:-

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

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

| <b>Sr. No.</b> | <b>Name And Address Of The Company</b> | <b>CIN/GLN</b> | <b>Holding/ Subsidiary /Associate</b> | <b>% of shares held</b> | <b>Applicable Section</b> |
|----------------|--|----------------|---------------------------------------|-------------------------|---------------------------|
| 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 01-04-2017) |          |               |                   | No. of Shares held at the end of the year (as on 31-03-2018) |          |               |                   | % Change during The year |
|---|--|----------|---------------|-------------------|--|----------|---------------|-------------------|--------------------------|
|   | Demat  | Physical | Total         | % of Total Shares | Demat  | Physical | Total         | % of Total Shares |                          |
| <b>A. Promoter</b>  |  |          |               |                   |  |          |               |                   |                          |
| <b>1) Indian</b>  |  |          |               |                   |  |          |               |                   |                          |
| a) Individual/ HUF  | 644945   | 0        | 644945        | 4.38              | 644945   | 0        | 644945        | 4.38              | 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>644945</b>  | <b>0</b> | <b>644945</b> | <b>4.38</b>       | <b>644945</b>  | <b>0</b> | <b>644945</b> | <b>4.38</b>       | <b>0</b>                 |
| <b>2) Foreign</b>   |  |          |               |                   |  |          |               |                   |                          |
| g) NRIs- Individuals  | 0  | 0        | 0             | 0                 |  |          |               |                   | 0                        |
| h) Other- Individuals   | 0  | 0        | 0             | 0                 |  |          |               |                   | 0                        |
| i) Bodies Corp.   | 0  | 0        | 0             | 0                 |  |          |               |                   | 0                        |
| j) Banks / FI   | 0  | 0        | 0             | 0                 |  |          |               |                   | 0                        |
| k) Any Other....  | 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>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                             | <b>644945</b>  | <b>0</b> | <b>644945</b> | <b>4.38</b>       | <b>644945</b>  | <b>0</b> | <b>644945</b> | <b>4.38</b>       | <b>0</b>                 |
| <b>B. Public Shareholding</b>   |  |          |               |                   |  |          |               |                   |                          |
| <b>1. Institutions</b>  |  |          |               |                   |  |          |               |                   |                          |
| 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) FIIs   | 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>                 |
| <b>2. Non Institutions</b>  |  |          |               |                   |  |          |               |                   |                          |
| a) Bodies Corp.   |  |          |               |                   |  |          |               |                   |                          |
| (i) Indian  | 3580609  | 3874020  | 7454629       | 50.57             | 3854463  | 3874020  | 7728483       | 52.44             | + 1.87                   |
| (ii) Overseas   | 0  | 0        | 0             | 0                 | 0  | 0        | 0             | 0                 | 0                        |
| b) Individuals  |  |          |               |                   |  |          |               |                   |                          |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh/ Rs. 2 lakh | 418472   | 190565   | 609037        | 4.13              | 616610   | 233494   | 850104        | 5.76              | +1.63                    |

|  |                |                |                 |               |                |                |                 |               |             |
|--|----------------|----------------|-----------------|---------------|----------------|----------------|-----------------|---------------|-------------|
| <b>(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh/ Rs. 2 lakh</b> | 3472785        | 1615090        | 5087875         | 34.52         | 3006315        | 1572161        | 4578476         | 31.06         | -3.46       |
| <b>c) Others</b>   |                |                |                 |               |                |                |                 |               |             |
| <b>(i) Hindu Undivided Family</b>  | 911539         | 30250          | 941789          | 6.39          | 906267         | 30250          | 936517          | 6.35          | -0.04       |
| <b>(ii) Clearing Members/House</b>   | 250            | 0              | 250             | 0             | 0              | 0              | 0               | 0             | 0           |
| <b>Sub-total(B)(2)</b>   | <b>8383655</b> | <b>5709925</b> | <b>14093580</b> | <b>95.62</b>  | <b>8383655</b> | <b>5709925</b> | <b>14093580</b> | <b>95.62</b>  | <b>0.00</b> |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>  | <b>8383655</b> | <b>5709925</b> | <b>14093580</b> | <b>95.62</b>  | <b>8383655</b> | <b>5709925</b> | <b>14093580</b> | <b>95.62</b>  | <b>0.00</b> |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>   | 0              | 0              | 0               | 0             | 0              | 0              | 0               | 0             | 0           |
| <b>Grand Total (A+B+C)</b>   | <b>9028600</b> | <b>5709925</b> | <b>14738525</b> | <b>100.00</b> | <b>9028600</b> | <b>5709925</b> | <b>14738525</b> | <b>100.00</b> | <b>0</b>    |

**(ii) Shareholding of Promoters:**

| Sr. No | Shareholder's Name                 | Shareholding at the beginning of the year (01-04-2017) |                                  |  | Shareholding at the end of the year (31-03-2018) |                                  |  | % 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.     | Sunil Kumar (Promoter)             | 180360   | 1.22                             | 0  | 180360   | 1.22                             | 0  | 0   |
| 4.     | Chetna Singhal (Promoter's Group)  | 33335  | 0.23                             | 0  | 33335  | 0.23                             | 0  | 0   |
| 5.     | Savitiri Mittal (Promoter's Group) | 343750   | 2.33                             | 0  | 343750   | 2.33                             | 0  | 0   |
|        | <b>Total</b>                       | <b>644945</b>  | <b>4.38</b>                      | <b>0</b>   | <b>644945</b>                                    | <b>4.38</b>                      | <b>0</b>   | <b>0</b>                                  |

**(iii) Change in Promoters' Shareholding:**

| Sr. no | Name                              | Shareholding at the beginning of the year (as on 01-04-2017) |                                  | Date       | Increase/ Decrease in shareholding | Reason                       | Cumulative Shareholding during the year (01-04-2017 to 31-03-2018) |                                  |
|--------|-----------------------------------|--|----------------------------------|------------|------------------------------------|------------------------------|--|----------------------------------|
|        |                                   | 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                             | 01-04-2017 | 0                                  | Nil movement during the year |  |                                  |
|        |                                   | 180360   | 1.22                             | 31-03-2018 |                                    |                              | 180360   | 1.22                             |
| 2      | Deep Chand Singhal (Promoter)     | 37500  | 0.25                             | 01-04-2017 | 0                                  | Nil movement during the year |  |                                  |
|        |                                   | 37500  | 0.25                             | 31-03-2018 |                                    |                              | 37500  | 0.25                             |
| 3      | Vishnu Mittal (Promoter)          | 50000  | 0.34                             | 01-04-2017 | 0                                  | Nil movement during the year |  |                                  |
|        |                                   | 50000  | 0.34                             | 31-03-2018 |                                    |                              | 50000  | 0.34                             |
| 4      | Chetna Singhal (Promoters' Group) | 33335  | 0.23                             | 01-04-2017 | 0                                  | Nil movement during the year |  |                                  |
|        |                                   | 33335  | 0.23                             | 31-03-2018 |                                    |                              | 33335  | 0.23                             |
| 5      | Savitri Mittal (Promoter's Group) | 343750   | 2.33                             | 01-04-2017 | 0                                  | Nil movement during the year |  |                                  |
|        |                                   | 343750   | 2.33                             | 31-03-2018 |                                    |                              | 343750   | 2.33                             |

**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 01-04-2017) |                                  | Date       | Increase/ Decrease in shareholding | Reason                       | Cumulative Shareholding during the year (01-04-2017 to 31-03-2018) |                                  |
|--------|--|--|----------------------------------|------------|------------------------------------|------------------------------|--|----------------------------------|
|        |  | No. of shares  | % of total shares of the company |            |                                    |                              | No. of shares  | % of total shares of the company |
| 1      | Orion Infradevelopers Private Limited  | 771875   | 5.24                             | 01-04-2017 | 0                                  | Nil Movement during the Year |  |                                  |
|        |  | 771875   | 5.24                             | 31-03-2018 |                                    |                              | 771875   | 5.24                             |
| 2      | Orion Propmart Private Limited         | 456250   | 3.10                             | 01-04-2017 | 0                                  | Nil Movement during the Year |  |                                  |
|        |  | 456250   | 3.10                             | 31-03-2018 |                                    |                              | 456250   | 3.10                             |
| 3      | Amethyst Buildcon Private Limited      | 225000   | 1.53                             | 01-04-2017 | 0                                  | Nil Movement during the Year |  |                                  |
|        |  | 225000   | 1.53                             | 31-03-2018 |                                    |                              | 225000   | 1.53                             |
| 4      | Shri Parasram Holdings Private Limited | 108414   | 0.74                             | 01-04-2017 |                                    |                              |  |                                  |
|        |  |  |                                  | 28-07-2017 | 350                                | Purchase                     | 108770   | 0.74                             |

|    |                                   |         |       |            |          |                              |         |       |
|----|-----------------------------------|---------|-------|------------|----------|------------------------------|---------|-------|
|    |                                   |         |       | 04-08-2017 | 179873   | Purchase                     | 288643  | 1.96  |
|    |                                   |         |       | 11-08-2017 | -308     | Sale                         | 288335  | 1.96  |
|    |                                   |         |       | 25-08-2017 | -27116   | Sale                         | 261219  | 1.77  |
|    |                                   |         |       | 08-09-2017 | -1       | Sale                         | 261218  | 1.77  |
|    |                                   |         |       | 30-12-2017 | 33335    | Purchase                     | 294553  | 2.00  |
|    |                                   |         |       | 12-01-2018 | -33335   | Sale                         | 261218  | 1.77  |
|    |                                   | 261218  | 1.77  | 31-03-2018 |          |                              | 261218  | 1.77  |
| 5  | Leena Infotech Private Limited    | 692000  | 4.70  | 01-04-2017 | 0        | Nil Movement during the Year |         |       |
|    |                                   | 692000  | 4.70  | 31-03-2018 |          |                              | 692000  | 4.70  |
| 6  | Nabkri Developers Private Limited | 765625  | 5.19  | 01-04-2017 | 0        | Nil Movement during the Year |         |       |
|    |                                   | 765625  | 5.19  | 31-03-2018 |          |                              | 765625  | 5.19  |
| 7  | B R Suppliers Private Limited     | 500000  | 3.39  | 01-04-2017 | 0        | Nil Movement during the Year |         |       |
|    |                                   | 500000  | 3.39  | 31-03-2018 |          |                              | 500000  | 3.39  |
| 8  | Arise Infratech Private Limited   | 594000  | 4.03  | 01-04-2017 | 0        | Nil Movement during the Year |         |       |
|    |                                   | 594000  | 4.03  | 31-03-2018 |          |                              | 594000  | 4.03  |
| 9  | Srk Tradelinks Limited            | 2366960 | 16.06 | 01-04-2017 |          |                              |         |       |
|    |                                   |         |       | 07-04-2017 | -473000  | Sale                         | 1893960 | 12.85 |
|    |                                   |         |       | 30-06-2017 | 473000   | Purchase                     | 2366960 | 16.06 |
|    |                                   |         |       | 07-07-2017 | -473000  | Sale                         | 1893960 | 12.85 |
|    |                                   |         |       | 21-07-2017 | 473000   | Purchase                     | 2366960 | 16.06 |
|    |                                   |         |       | 28-07-2017 | -473000  | Sale                         | 1893960 | 12.85 |
|    |                                   |         |       | 21-09-2017 | -1420960 | Sale                         | 473000  | 3.21  |
|    |                                   |         |       | 22-09-2017 | 1893960  | Purchase                     | 2366960 | 16.06 |
|    |                                   |         |       | 06-10-2017 | -473000  | Sale                         | 1893960 | 12.85 |
|    |                                   |         |       | 30-12-2017 | 473000   | Purchase                     | 2366960 | 16.06 |
|    |                                   |         |       | 31-12-2017 | -1893960 | Sale                         | 473000  | 3.21  |
|    |                                   |         |       | 05-01-2018 | 1420960  | Purchase                     | 1893960 | 12.85 |
|    |                                   |         |       | 23-03-2018 | 473000   | Purchase                     | 2366960 | 16.06 |
|    |                                   | 2366960 | 16.06 | 31-03-2018 |          |                              | 2366960 | 16.06 |
| 10 | Ashu Gupta                        | 390000  | 2.65  | 01-04-2017 | 0        | Nil Movement during the Year |         |       |
|    |                                   | 390000  | 2.65  | 31-03-2018 |          |                              | 390000  | 2.65  |
| 11 | Sanjay Kumar Sharma               | 233670  | 1.59  | 01-04-2017 |          |                              |         |       |
|    |                                   |         |       | 07-07-2017 | 100      | Purchase                     | 233770  | 1.59  |
|    |                                   |         |       | 28-07-2017 | -53411   | Sale                         | 180359  | 1.22  |
|    |                                   |         |       | 16-03-2018 | -180309  | Sale                         | 50      | 0.00  |
|    |                                   | 50      | 0.00  | 31-03-2018 |          |                              | 50      | 0.00  |

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

| Sr. no                                     | Name   | Shareholding at the beginning of the year (as on 01-04-2017) |                                  | Date       | Increase/Decrease in shareholding | Reason                       | Cumulative Shareholding during the year (01-04-2017 to 31-03-2018) |                                  |
|--|--|--|----------------------------------|------------|-----------------------------------|------------------------------|--|----------------------------------|
|  |  | No. of shares  | % of total shares of the company |            |                                   |                              | No. of shares  | % of total shares of the company |
| <b>A. Directors:</b>                       |  |  |                                  |            |                                   |                              |  |                                  |
| 1  | Sunil Kumar<br>Whole Time Director<br>(KMP)      | 180360   | 1.22                             | 01-04-2017 | 0                                 | Nil movement during the year |  |                                  |
|  |  | 180360   | 1.22                             | 31-03-2018 |                                   |                              | 180360   | 1.22                             |
| 2  | Deep Chand Singhal<br>(Non-Independent Director) | 37500  | 0.25                             | 01-04-2017 | 0                                 | Nil movement during the year |  |                                  |
|  |  | 37500  | 0.25                             | 31-03-2018 |                                   |                              | 37500  | 0.25                             |
| <b>B. Key Managerial Personnel(KMP's):</b> |  |  |                                  |            |                                   |                              |  |                                  |
| 1  | Anjali Aggarwal<br>(Chief Financial Officer )    | 1000   | 0.01                             | 01-04-2017 | 0                                 | Nil movement during the year |  |                                  |
|  |  | 1000   | 0.01                             | 31-03-2018 |                                   |                              | 1000   | 0.01                             |

V. **INDEBTEDNESS**

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

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 section17(1) of the Income-tax Act,1961 | -                        | 3,30,000          | 3,30,000          | 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<br>- as% of profit<br>-others, specify...                             | -                        | -                 | -                 | -                 |
| 5.      | Others, please specify   | -                        | -                 | -                 | -                 |
|         | <b>Total</b>   | -                        | <b>3,30,000/-</b> | <b>3,30,000/-</b> | <b>6,60,000/-</b> |

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

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

**Date: September 03, 2018  
Place: New Delhi**

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

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



**Statement of Particulars of Employees pursuant to the Provisions of Rule 5 (1) 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 any remuneration from the Company hence the ratio of the remuneration of each Director to the median remuneration of the employee for the financial year is not applicable.

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

| S. No. | Name                 | Designation             | % Increase |
|--------|----------------------|-------------------------|------------|
| 1      | Miss Deepika Rathore | Company Secretary       | 20         |
| 2      | Miss Anjali Aggarwal | Chief Financial Officer | 0          |

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 40.00 %. The calculation of % increase in Median Remuneration is done based on overall employee cost.

4. **Number of Permanent Employees on the rolls of Company: Seven (7)**

5. **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;**

During the financial year, there was neither instance of drawing remuneration by managerial remuneration nor increase in remuneration of CFO but Company Secretary's Salary increased during the year. The average increase for employees other than the managerial personnel who were in the employment during the financial year 2016-17 and 2017-18 the average percentile increase is 4.2 %. The average percentile increase for managerial personnel is 0.00%.

6. **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.

7. **Statement of particulars of employees pursuant to Rule 5((2) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 – N.A.**

8. **Statement of particulars of employees pursuant to Rule 5 (3) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014- N.A.**

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

Date: September 03, 2018  
Place: New Delhi

Sd/  
Sunil Kumar  
Whole Time Director  
DIN:00243057

Sd/  
Deep Chand Singhal  
Director  
DIN:00815681

**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.**

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

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

| S. No. | Particulars   | Details                          |
|--------|---|----------------------------------|
| 1      | Name (s) of the related party & nature of relationship                                    | Deep Chand Singhal<br>(Director) |
| 2      | Nature of contracts/arrangements/transaction  | Leasing Agreement                |
| 3      | Duration of the contracts/arrangements/transaction  | 01/04/2017 to 31/03/2018         |
| 4      | Salient terms of the contracts or arrangements or transaction including the value, if any | Rent Paid Rs. 1,86,600/-         |
| 5      | Date of approval by the Board   | 01/04/2017                       |
| 6      | Amount paid as advances, if any   | Nil                              |

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

Sd/-  
Sunil Kumar  
Whole Time Director  
DIN:00243057

Date: September 03, 2018  
Place: New Delhi

Sd/-  
Deep Chand Singhal  
Director  
DIN:00815681

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. Industry Structure and Developments**

Sonal Mercantile Limited is a NBFC and is engaged mainly in the business of providing Loans & Advances and also to make investment in both quoted and unquoted securities. 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.

NBFCs continued to grow their share in the financial services industry. Data published by the RBI in its Financial Stability Reports dated June 30, 2017 and December 21, 2017 show that the NBFCs have outperformed scheduled commercial banks (SCBs) on growth in advances, asset quality and profitability. This growth momentum of NBFCs should result in their share in the financial services sector increasing in the near future.

### **2. Business Overview**

Your Company is engaged in the business of providing Loans & Advances and investment in Securities, both quoted and unquoted. Company can expect future growth and development in its business. The vision of the Company is very clear and the management wants to increase its scale of operations.

### **3. Opportunities and Threats**

Capital markets at present are going through turbulent times. 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.

#### **4. Segment-Wise Performance**

The Company is engaged only into single reportable segment during the year under review.

#### **5. Outlook**

Your Company 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.

#### **6. 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.

#### **7. 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.

#### **8. 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.

#### **9. 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.

#### **10. 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.

## 11. 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  
Sonal Mercantile Limited**

**Date: September 03, 2018  
Place: New Delhi**

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

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

## **CORPORATE GOVERNANCE REPORT**

In compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred as “SEBI Listing Regulations”], a Report on Corporate Governance for the Financial Year 2017-18 is presented below:

### **1. Company’s Philosophy on Corporate Governance**

Corporate governance encompasses a set of principles, systems, and practices through which the Board of Directors of the Company ensures integrity, transparency, fairness and accountability in the Company’s relationship with all its stakeholders. The code of corporate governance is based on the principle of making all the necessary decisions and disclosures, accountability and responsibility towards various stakeholders, complying with all the applicable laws and a continuous commitment of conducting business in a transparent and ethical manner. A good corporate governance framework incorporates a system of robust checks and balances between key players; namely, the Board, the management, auditors and various stakeholders.

We at Sonal Mercantile Limited, have been continuously strengthening the governance practices and have followed a trustworthy, transparent, moral and ethical conduct, both internally and externally, and are committed towards maintaining the highest standards of corporate governance practices and quality of disclosures thereunder, in the best interest of all its stakeholders.

Sonal Mercantile Limited strives to provide all its stakeholders an access to clear, adequate and factual information relating to the Company. It promotes accountability of its management; and the Board of Directors of the Company acknowledges its responsibility towards all the stakeholders for creation and safeguarding their wealth.

Your Company confirms the compliance of corporate governance, in all material aspects, with the revised SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of which are given below:

### **2. Board of Directors**

The Board of Directors provides 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 March 31, 2018 is four (4) 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 complies with the requirement of the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **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 (Listing Obligations and Disclosure Requirements) Regulations, 2015. The names and categories of the Directors on the Board as on March 31, 2018, their attendance at the Board Meetings held during the financial year 2017-2018 and at the last Annual General Meeting (AGM), and also the number of directorships and committee positions held by them in other public limited companies as March 31, 2018, 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 |   | Chairmanship         | Membership |
| Mr. Sunil Kumar<br>(Whole Time Director)<br>(DIN: 00243057) | Executive<br>(Promoter)           | 11                       | 10                     | Yes               | -   | -                    | -          |
| Ms. Rukhsana<br>(Woman Director)<br>(DIN: 05151168)         | Non<br>Executive –<br>Independent | 11                       | 9                      | Yes               | -   | -                    | -          |
| Mr. Vikram Sharma<br>(Chairman)<br>(DIN: 00243482)          | Non<br>Executive –<br>Independent | 11                       | 11                     | Yes               | -   | -                    | -          |
| Mr. Deep Chand<br>Singhal<br>(Director)<br>(DIN: 00815681)  | Non<br>Executive<br>(Promoter)    | 11                       | 11                     | Yes               | -   | -                    | -          |

\* 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.

❖ **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, there was no change in the Board of Directors of the Company.

**b) Number of Board Meetings**

The Board of Directors met **eleven times** during the Financial Year 2017-2018. The maximum gap between any two meetings had been not more than 120 days. All meetings were well attended.

❖ **Attendance in the Board meetings (F.Y. 2017-2018):**

| S. No. | Date of Board Meetings | Total Strength of the Board | No. of Directors Present |
|--------|------------------------|-----------------------------|--------------------------|
| 1      | April 01, 2017         | 4                           | 4                        |
| 2      | May 30, 2017           | 4                           | 4                        |
| 3      | July 15, 2017          | 4                           | 4                        |
| 4      | August 11, 2017        | 4                           | 4                        |
| 5      | October 10, 2017       | 4                           | 3                        |
| 6      | November 14, 2017      | 4                           | 4                        |
| 7      | January 20, 2018       | 4                           | 2                        |
| 8      | January 29, 2018       | 4                           | 4                        |
| 9      | February 05, 2018      | 4                           | 4                        |
| 10     | March 07, 2018         | 4                           | 4                        |
| 11     | March 30, 2018         | 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 (Listing Obligations Disclosure Requirements) Regulations, 2015.

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.in/investors-information.php>.

❖ **Number of shares and convertible instruments held by Non-Executive Directors during the Financial Year 2017-2018.**

| Serial No. | Name of Non-Executive Director                    | Number of Shares |
|------------|---|------------------|
| 1.         | Mr. Deep Chand Singhal (Non Independent Director) | 37500            |
| 2.         | Ms. Rukhsana (Independent Director)               | Nil              |
| 3.         | Mr. Vikram Sharma (Independent Director)          | Nil              |

❖ **Evaluation of Performance**

Pursuant to the provisions of Section 134(3)(p), Schedule IV of the Act read with Regulations 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on *March 29, 2018* 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 Director of the Company.



#### ❖ **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, Half yearly and 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) Code of Conduct & Declaration**

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 2017-18, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A declaration to this effect signed by the Whole Time Director is given in as **Annexure-A** to this report.

### **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**

As on March 31, 2018 the Audit Committee comprises of three members viz. Mr. Vikram Sharma (Chairman), Mr. Deep Chand Singhal (Member) and Ms. Rukhsana (Member). In compliance with Regulation 18(1) of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 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. Mrs. Richa Sharma, Company Secretary is the Secretary to this Committee w.e.f. March 07, 2018 and previous meetings were attended by Miss Deepika Rathore (Previous Company Secretary) till March 01, 2018.

❖ **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 2017-18**

During the year, total five Audit Committee meetings were held respectively on April 01, 2017, May 30, 2017, August 11, 2017, November 14, 2017 and February 05, 2018. The attendance of the members of the committee mentioned as follows:

| <b>Name of Member</b>  | <b>No. of Meetings Held</b> | <b>Meetings Attended</b> |
|------------------------|-----------------------------|--------------------------|
| Mr. Vikram Sharma      | 5                           | 5                        |
| Ms. Rukhsana           | 5                           | 5                        |
| Mr. Deep Chand Singhal | 5                           | 5                        |

**b) Nomination and Remuneration Committee:**

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

As on March 31, 2018 the Nomination and Remuneration Committee comprises of three members viz. Mr. Vikram Sharma (Chairman), Mr. Deep Chand Singhal (Member) and Ms. Rukhsana (Member).

❖ **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. 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 2017-2018**

During the year, total two meetings were held respectively on May 30, 2017 and March 01, 2018. 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. Deep Chand Singhal | 2                    | 2                 |

❖ **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, if any reported to the Board in quarterly meetings.

As on March 31, 2018, the Stakeholders Relationship Committee comprises of three non executive Directors as its members viz. Mr. Vikram Sharma (Chairman), Mr. Deep Chand Singhal (Member) and Ms. Rukhsana (Member).

❖ **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 2017-18**

During the year, total two meetings were held respectively on May 30, 2017 and March 10, 2018. 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. Deep Chand Singhal | 2                    | 2                 |

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, 1<sup>st</sup> 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 March 31, 2018 the Risk Management Committee comprises of three Directors as its members viz. Mr. Vikram Sharma (Chairman), Mr. Deep Chand Singhal (Member) and Mr. Sunil Kumar (Member).

❖ **Meetings of the Committee and Attendance of the Members during 2017-2018**

During the year, total two meetings were held respectively on June 26, 2017 and December 01, 2017. 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                 |
| Mr. Deep Chand Singhal | 2                    | 2                 |
| Mr. Sunil Kumar        | 2                    | 2                 |

#### 4. General Body Meetings

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

| Year | Day, Date and Time                              | Venue of the Meetings  | Details of the Special Resolutions Passed  |
|------|---|--|--|
| 2017 | Thursday<br>September 28, 2018<br>at 10:00 A.M. | 105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, | No special resolution has been passed in this Meeting  |
| 2016 | Friday,<br>September 30, 2016<br>at 10:00 A.M.  | 105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, | Re-Appointment of Mr. Sunil Kumar (DIN:00243057), as Whole-time Director of the Company.   |
| 2015 | Tuesday,<br>September 29, 2015<br>at 10:00 A.M. | 105/33, Vardhman Golden Plaza, road No. 44, Pitampura, Delhi – 110034, | 1. Alteration of Memorandum of Association as per Companies Act, 2013;<br>2. Adoption of New Set of Articles of Association as per Companies Act, 2013 |

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

c) During the year no Extraordinary General Meeting was held.

#### 5. Means of Communication

The Company's website [www.sonalmercantile.in](http://www.sonalmercantile.in) 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 "Financially Express– All Editions" and "Jansatta – Hindi Edition, Delhi" newspapers and the same are posted on Company's website i.e. [www.sonalmercantile.in](http://www.sonalmercantile.in)

##### ❖ 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.in](http://www.sonalmercantile.in)

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

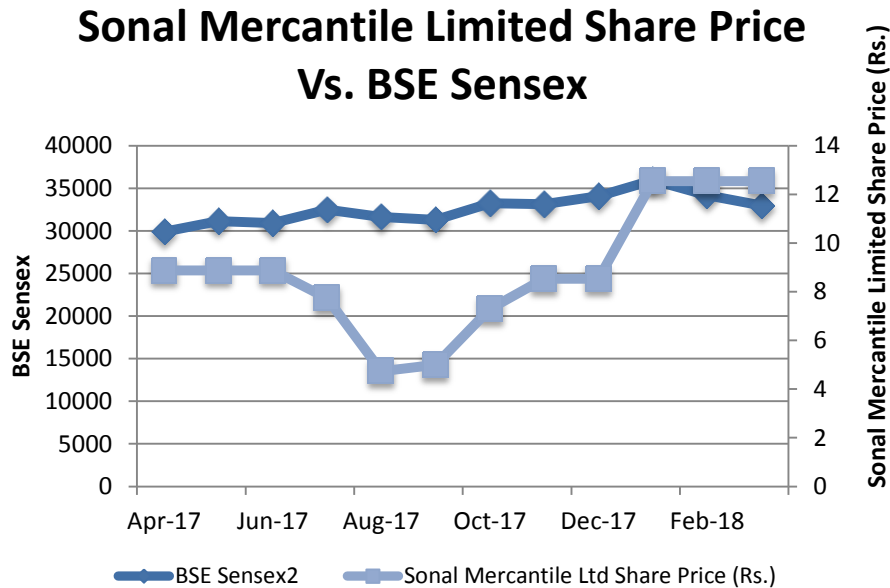
|  |  |
|--|--|
| ❖ Annual General Meeting Schedule          | : September 29, 2018 (Saturday) at 09:00 A.M. at 372, Vardhman Plaza, III Floor, Dector-3, Rohini, New Delhi-110085            |
| ❖ Financial Calendar (2018-19) (Tentative) | : The Financial Year of the Company will be April 01, 2018 to March 31, 2019.  |
| ❖ Book Closure Dates                       | : September 22, 2018 to September 29, 2018 (Both Dates inclusive)  |
| ❖ Dividend Payment Date                    | : Not Applicable   |
| ❖ Listing at Stock Exchanges               | : BSE Limited, Dalal Street Fort, Mumbai-400001 and also on Delhi Stock Exchange but now this stock exchange is not operative. |
| ❖ Listing Fees                             | : The Listing fees for the year 2018-2019 paid to BSE Limited  |
| ❖ Scrip Code                               | : 538943 (BSE) and 5053 (DSE)  |

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>❖ ISIN No</li> <li>❖ CIN No.</li> <li>❖ Registrar and Share Transfer Agent (RTA)</li> <br/> <li>❖ Share Transfer process</li> <br/> <li>❖ Plant Locations</li> <li>❖ Outstanding Bonds/Convertible Instruments</li> </ul> | <ul style="list-style-type: none"> <li>: INE321M01017</li> <li>: L51221DL1985PLC022433</li> <li>: Skyline Financial Services Private Limited<br/>D-153 A, 1st Floor, Okhla Industrial Area,<br/>Phase - I, New Delhi - 110 020<br/>Contact No.011-40450193<br/>E-mail Id: <a href="mailto:admin@skylinerta.com">admin@skylinerta.com</a></li> <li>: 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</li> <li>: Not Applicable</li> <li>: Nil</li> </ul>   |
| <ul style="list-style-type: none"> <li>❖ Dematerialization of shares</li> <br/> <li>❖ Address for correspondence</li> <br/> <li>❖ Market Price &amp; Data</li> </ul>   | <p>As on March 31, 2018, 9028600 Equity Shares representing 61.26% of the Company were held in dematerialised form and 5709925 Equity Shares representing 38.74% 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 Practicing Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form.</p> <p>Registered Office Address:<br/>372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085<br/>Contact No. 011-49091417<br/>E-mail Id: <a href="mailto:sonalmercantile@yahoo.in">sonalmercantile@yahoo.in</a><br/>Website: <a href="http://www.sonalmercantile.in">www.sonalmercantile.in</a></p> <p>Stock Market price data for the F.Y. 2017-2018. High/ Low of daily closing market price of the Company's shares traded at BSE during each month in the financial year ended March 31, 2018 are as under.</p> |

| Month    | High<br>(In Rs.) | Low<br>(In Rs.) | No. of<br>Shares Traded |
|----------|------------------|-----------------|-------------------------|
| Jul-2017 | 9.77             | 7.73            | 54107                   |
| Aug-2017 | 7.72             | 4.73            | 27509                   |
| Sep-2017 | 5                | 4.82            | 475                     |
| Oct-2017 | 7.3              | 5               | 15848                   |
| Nov-2017 | 8.54             | 7.65            | 723                     |
| Jan-2018 | 12.55            | 8.96            | 1022                    |
| Feb-2018 | 12.55            | 12.55           | 250                     |

*Except April 2017, May 2017, June 2017, December 2017 and March 2018, no trading was done on BSE during the financial year 2017-2018.*

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



- ❖ Distribution of Shareholding as on March 31, 2018

| 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                                    | 294                    | 50.52              | 547270                                  | 0.37              |
| 5001 To 10,000                                 | 57                     | 9.79               | 564500                                  | 0.38              |
| 10001 To 20,000                                | 19                     | 3.26               | 323420                                  | 0.22              |
| 20001 To 30,000                                | 15                     | 2.58               | 390000                                  | 0.26              |
| 30001 To 40,000                                | 2                      | 0.34               | 80000                                   | 0.05              |
| 40001 To 50,000                                | 32                     | 5.5                | 1592000                                 | 1.08              |
| 50001 To 1,00,000                              | 40                     | 6.87               | 3725650                                 | 2.53              |
| 1,00,000 and Above                             | 123                    | 21.13              | 140162410                               | 95.1              |
| <b>Total</b>                                   | <b>582</b>             | <b>100</b>         | <b>147385250</b>                        | <b>100</b>        |

- ❖ Shareholding Pattern as on March 31, 2018

| Category                      | Number of Equity Shares held | % of Shareholding |
|-------------------------------|------------------------------|-------------------|
| Promoters and Promoters Group | 644945                       | 4.38              |
| Corporate Bodies              | 7728483                      | 52.44             |
| Overseas Corporate Bodies     | -                            | -                 |
| Public                        | 6365097                      | 43.18             |
| <b>Total</b>                  | <b>14738525</b>              | <b>100</b>        |



## 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ❖ The Policy on Related Party Transactions are available at <http://www.sonalmmercantile.in/investors-information.php>
- ❖ **CFO Certification:** The CFO and the Whole Time Director have certified to the Board, the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with regard to the financial statements forms part of this Report as **Annexure - B**.
- ❖ **Compliance Certificate:** Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from Mr. Nitin Gupta, Practicing Company Secretary, certifying the compliance by the Company with the provisions of the Corporate Governance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report as **Annexure - C**.

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

Date: September 03, 2018  
Place: New Delhi

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

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

*(Annexure-A 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**

Pursuant to Regulation 34(3) read with Part D of Schedule V of 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 March 31, 2018.

**For Sonal Mercantile Limited**

**Date: September 03, 2018**  
**Place: New Delhi**

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

(Annexure-B to Corporate Governance Report)

**COMPLIANCE CERTIFICATE**

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

**CEO AND CFO CERTIFICATION TO THE BOARD**

To,

**The Board of Directors,  
Sonal Mercantile Limited  
372, Vardhman Plaza, III Floor,  
Sector-3, Rohini, New Delhi-110085**

We, Sunil Kumar, Whole Time Director and Rohit Kumar Saraogi, 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 Financial Year ended March 31, 2018 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, 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;
  - Significant changes in accounting policies during the year 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.

**For Sonal Mercantile Limited**

**Date: September 03, 2018  
Place: New Delhi**

**Sd/-  
Rohit Kumar Saraogi  
Chief Financial Officer  
(PAN: BVCPS4684L)**

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

*(Annexure-C 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 **March 31, 2018**, as stipulated 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 **April 01, 2017 to March 31, 2018**.

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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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: 03<sup>rd</sup> September, 2018**

**Sd/-**  
**Nitin Gupta**  
**Practicing Company Secretary**  
**Membership No: 35299**  
**C.P. No.: 14087**

## 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, 2018, 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 2018;
- 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 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. 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**.

- g. 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.

Signed for the purpose of identification

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

Sd/-  
**Gaurav Joshi**  
Partner  
Membership No. 516027

New Delhi, the 30<sup>th</sup> day of May 2018

### 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 2018.

- (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) According to information and explanations given to us, the Company holds inventory of shares and securities which have been verified by the management once in a year and no material discrepancies were noticed during the course of said 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 so far as applicable 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 not 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-IA of the Reserve Bank of India Act, 1934;

Signed for the purpose of identification

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

Sd/-  
**Gaurav Joshi**  
Partner  
Membership No. 516027

New Delhi, the 30<sup>th</sup> day of May 2018

## **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 2018 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.

#### **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 authorizations 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 2018, 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**

Firm Regn. No. 304040E

Sd/-

**Gaurav Joshi**

Partner

Membership No. 516027

New Delhi, the 30<sup>th</sup> day of May 2018

| <b>SONAL MERCANTILE LIMITED</b>  |              |   |                                     |
|--|--------------|---|-------------------------------------|
| <b>CIN : L51221DL1985PLC022433</b>                                       |              |   |                                     |
| <b>BALANCE SHEET AS ON</b>   |              |   |                                     |
| <b>Particulars</b>   | <b>Notes</b> | <b>31st March 2018<br/>(Rupees)</b>                   | <b>31st March 2017<br/>(Rupees)</b> |
| <b><u>EQUITY AND LIABILITIES</u></b>                                     |              |   |                                     |
| <b>Shareholders' fund</b>  |              |   |                                     |
| Share Capital  | <b>3</b>     | 147,385,250   | 147,385,250                         |
| Reserves and Surplus   | <b>4</b>     | 76,261,215  | 74,889,942                          |
| <b>Non-current liabilities</b>   |              |   |                                     |
| Long-Term Provisions   | <b>5</b>     | 550,111   | 526,868                             |
| <b>Current liabilities</b>   |              |   |                                     |
| Other Current Liabilities  | <b>6</b>     | 51,250  | 3,791,122                           |
| <b>Total</b>   |              | <b>224,247,826</b>                                    | <b>226,593,182</b>                  |
| <b><u>ASSETS</u></b>   |              |   |                                     |
| <b>Non-Current Assets</b>  |              |   |                                     |
| Property, plant & equipment  |              |   |                                     |
| Tangible Assets  | <b>7</b>     | 449,798   | 663,974                             |
| Deferred Tax Assets (net)  | <b>8</b>     | 218,187   | 266,449                             |
| Long-term Loans and Advances   | <b>9</b>     | 103,368,392   | -                                   |
| <b>Current Assets</b>  |              |   |                                     |
| Current Investment   | <b>10</b>    | 250,000   | 250,000                             |
| Inventories  | <b>11</b>    | -   | 10,889,865                          |
| Cash and Cash Equivalents  | <b>12</b>    | 959,178   | 3,729,298                           |
| Short- term loan and advances  | <b>13</b>    | 116,700,051   | 208,550,988                         |
| Other Current Assets   | <b>14</b>    | 2,302,220   | 2,242,608                           |
| <b>Total</b>   |              | <b>224,247,826</b>                                    | <b>226,593,182</b>                  |
| Notes on financial statement <b>1 to 38</b>                              |              |   |                                     |
| The accompanying notes are an integral part of the financial statements. |              |   |                                     |
| As per our report of even date   |              |   |                                     |
| <b>FOR V.N. PUROHIT &amp; CO.</b>  |              | <b>For and on behalf of the Board of Directors of</b> |                                     |
| <b>Chartered Accountants</b>   |              | <b>Sonal Mercantile Limited</b>                       |                                     |
| <b>Firm Regn. No. 304040E</b>  |              |   |                                     |
|  |              | Sd/-  | Sd/-                                |
|  |              | <b>Sunil Kumar</b>                                    | <b>D.C. Singhal</b>                 |
|  |              | Wholetime Director                                    | Director                            |
|  |              | DIN: 00243057   | DIN: 00815681                       |
| <b>Sd/-</b>  |              | Sd/-  | Sd/-                                |
| <b>Gaurav Joshi</b>  |              | <b>Rohit Sarogi</b>                                   | <b>Richa Sharma</b>                 |
| <b>Partner</b>   |              | CFO   | Company Secretary                   |
| <b>Membership No. 516027</b>   |              | PAN: BVCPS4684L                                       | PAN: CMEPS1335J                     |
| <b>New Delhi, the 30th day of May 2018</b>                               |              |   |                                     |

| <b>SONAL MERCANTILE LIMITED</b>  |              |   |   |
|--|--------------|---|---|
| <b>CIN : L51221DL1985PLC022433</b>                                       |              |   |   |
| <b>STATEMENT OF TRADING &amp; PROFIT AND LOSS FOR THE YEAR ENDED ON</b>  |              |   |   |
| <b>Particulars</b>   | <b>Notes</b> | <b>From 1st April 2017<br/>to 31<sup>st</sup> March 2018<br/>(Rupees)</b> | <b>From 1st April 2016<br/>to 31<sup>st</sup> March 2017<br/>(Rupees)</b> |
| <b>Income</b>  |              |   |   |
| Revenue from operations  | <b>15</b>    | 27,891,196  | 25,818,356  |
| Other Income   | <b>16</b>    | 66,157  | 86,977  |
| <b>Total Revenue (I)</b>   |              | <b>27,957,353</b>   | <b>25,905,333</b>   |
| <b>Expenses</b>  |              |   |   |
| Purchases of stock in trade  | <b>17</b>    | 4,238,520   | 23,174,413  |
| Changes in inventories   | <b>18</b>    | 10,889,865  | (10,889,865)  |
| Employee benefit expenses  | <b>19</b>    | 5,877,658   | 7,321,940   |
| Depreciation & amortization expenses                                     | <b>7</b>     | 214,176   | 316,856   |
| Other expenses   | <b>21</b>    | 4,793,998   | 4,824,817   |
| <b>Total (II)</b>  |              | <b>26,014,217</b>   | <b>24,748,161</b>   |
| <b>Profit/ (loss) before tax ( I - II)</b>                               |              | 1,943,135   | 1,157,172   |
| <b>Tax expenses</b>  |              |   |   |
| Current Tax  |              | 500,357   | 439,011   |
| Deferred tax   |              | 48,262  | (14,320)  |
| <b>Total Tax Expenses</b>  |              | <b>548,619</b>  | <b>424,691</b>  |
| <b>Profit/ (loss) for the year after tax (PAT)</b>                       |              | <b>1,394,516</b>  | <b>732,481</b>  |
| <b>Earning per share (EPS)</b>   |              |   |   |
| [nominal value of share Rs. 10/-]  |              |   |   |
| Basic  |              | 0.09  | 0.05  |
| Diluted  |              | 0.09  | 0.05  |
| Notes on financial statement <b>1 to 38</b>                              |              |   |   |
| The accompanying notes are an integral part of the financial statements. |              |   |   |
| As per our report of even date   |              |   |   |
| <b>FOR V.N. PUROHIT &amp; CO.</b>  |              | <b>For and on behalf of the Board of Directors of</b>                     |   |
| <b>Chartered Accountants</b>   |              | <b>Sonal Mercantile Limited</b>   |   |
| Firm Regn. No. 304040E   |              | Sd/-  | Sd/-  |
|  |              | <b>Sunil Kumar</b>  | <b>D.C. Singhal</b>   |
|  |              | Wholetime Director  | Director  |
|  |              | <b>DIN: 00243057</b>  | <b>DIN: 00815681</b>  |
| Sd/-   |              | Sd/-  | Sd/-  |
| <b>Gaurav Joshi</b>  |              | <b>Rohit Sarogi</b>   | <b>Richa Sharma</b>   |
| Partner  |              | CFO   | Company Secretary   |
| Membership No. 516027  |              | PAN: BVCPS4684L   | PAN: CMEPS1335J   |
| New Delhi, the 30th day of May 2018                                      |              |   |   |

| <b>SONAL MERCANTILE LIMITED</b><br>CIN : L51221DL1985PLC022433<br><b>CASH FLOW STATEMENT FOR THE YEAR ENDED ON</b> |  |   |
|--|--|---|
|  | <b>For the year ended<br/>31st March 2018<br/>(Rupees)</b>                         | <b>For the year ended<br/>31st March 2017<br/>(Rupees)</b>          |
| <b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>  |  |   |
| Net profit before tax and after extra- ordinary items (As per profit & loss account)                               | 1,943,135  | 1,157,172   |
| Adjustments for Depreciation   | 214,176  | 316,856   |
| Adjustments for Capital & amortised expenses   | -  | 120,090   |
| Operating Profit before working capital changes  | 2,157,311  | 1,594,118   |
| <b><u>Working Capital adjustments: -</u></b>   |  |   |
| (Increase)/ decrease in current loans and advances   | 91,850,937   | 11,150,925  |
| (Increase)/ decrease in inventories  | 10,889,865   | (10,889,865)  |
| (Increase)/ decrease in other Current Assets   | 5,501  | 2,757   |
| Increase/ (decrease) in current liabilities  | (3,739,872)  | 742,988   |
| Cash generated from operations   | 101,163,743  | 2,600,923   |
| Direct Taxes Paid  | (565,471)  | (358,429)   |
| <b>Net cash flow from operating activities (A)</b>   | <b>100,598,272</b>   | <b>2,242,494</b>  |
| <b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>  |  |   |
| Change in Non-current Loan and Advances  | (103,368,392)  | -   |
| Purchase of investments  | -  | (250,000)   |
| <b>Net cash flow from investing activities (B)</b>   | <b>(103,368,392)</b>   | <b>(250,000)</b>  |
| <b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>  |  |   |
| <b>Net cash flow from financing activities (C)</b>   | <b>-</b>   | <b>-</b>  |
| <b>Net cash flow during the year (A + B + C)</b>   | <b>(2,770,120)</b>   | <b>1,992,494</b>  |
| Add: Opening cash and cash equivalents   | 3,729,298  | 1,736,804   |
| <b>Closing cash and cash equivalents</b>   | <b>959,178</b>   | <b>3,729,298</b>  |
| <b><u>Components of cash and cash equivalents</u></b>  |  |   |
| Cash in hand   | 860,586  | 63,350  |
| Deposit with banks in current accounts   | 98,592   | 1,635,679   |
| Cheque in Hand   | -  | 2,030,269   |
| <b>Toal cash and cash equivalents (Note 12)</b>  | <b>959,178</b>   | <b>3,729,298</b>  |
| The accompanying notes are an integral part of the financial statements.<br>As per our report of even date         |  |   |
| <b>FOR V.N. PUROHIT &amp; CO.</b><br>Chartered Accountants<br>Firm Regn. No. 304040E                               | <b>For and on behalf of the Board of Directors of<br/>Sonal Mercantile Limited</b> |   |
|  | Sd/-<br><b>Sunil Kumar</b><br>Whole Time Director<br>DIN: 00243057                 | Sd/-<br><b>D.C. Singhal</b><br>Director<br>DIN: 00815681            |
| Sd/-<br><b>Gaurav Joshi</b><br>Partner<br>Membership No. 516027<br>New Delhi, the 30th day of May 2018             | Sd/-<br><b>Rohit Sarogi</b><br>CFO<br>PAN: BVCPS4684L                              | Sd/-<br><b>Richa Sharma</b><br>Company Secretary<br>PAN: CMEPS1335J |

## **NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

### **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**

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. Property, plant & equipment**

Property, plant & equipment are valued at historical cost, as reduced by accumulated thereon depreciation. Cost of property, plant & equipment includes cost of purchase and/or construction and necessary expenditure incurred to make them ready for use in the business.

#### **d. Inventories**

Inventories include investments in shares & bonds of other companies held for trading purpose. The company values such inventory made at the lower of cost or net realizable value.

#### **e. Depreciation**

Property, plant & equipment 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.

#### **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. Deferred Taxes has been recognized on timing differences between accounting income and taxable income subject to consideration of prudence.

**g. Employee Benefits**

Short term benefits such as salary, bonus, ex-gratia and other benefits as may be applicable on Company are accounted for on accrual basis. The Company at present does not have any Defined Contribution Plan or Defined Benefit Plan as contemplated under Accounting Standard (AS) 15- Employee Benefits.

**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. Earnings 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 on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



**3 Share capital**

|  | As at 31st March 2018<br>(Rupees) | As at 31st March 2017<br>(Rupees) |
|--|-----------------------------------|-----------------------------------|
| Authorised shares<br>1,50,00,000 (31 March 2017: 1,50,00,000) Equity Shares of Rs.10/- each  | 150,000,000                       | 150,000,000                       |
| Issued, subscribed and fully paid- up shares<br>1,47,38,525 (31 March 2017: 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 2018 |                    | As at 31st March 2017 |                    |
|--|-----------------------|--------------------|-----------------------|--------------------|
|  | No.                   | (Rupees)           | No.                   | (Rupees)           |
| Share Capital at the beginning of the period | 14,738,525            | 147,385,250        | 14,738,525            | 147,385,250        |
| Add:-Issued during the year                  | -                     | -                  | -                     | -                  |
| <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**

|                                       | As at 31st March 2018 |           | As at 31st March 2017 |           |
|---------------------------------------|-----------------------|-----------|-----------------------|-----------|
|                                       | Nos.                  | % holding | Nos.                  | % holding |
| SRK Tradelinks Private Limited        | 1,893,960             | 12.85%    | 2,366,960             | 16.06%    |
| Orion infradevelopers Private Limited | 771,875               | 5.24%     | 771,875               | 5.24%     |
| Nabkri Developers Private Limited     | 765,625               | 5.19%     | 765,625               | 5.19%     |

**4 Reserves and surplus**

|   | As at 31st March 2018<br>(Rupees) | As at 31st March 2017<br>(Rupees) |
|---|-----------------------------------|-----------------------------------|
| <u>Securities premium account</u>                           |                                   |                                   |
| Opening balance   | 72,529,750                        | 72,529,750                        |
| Add/(Less): - During the year                               | -                                 | -                                 |
| Closing balance   | 72,529,750                        | 72,529,750                        |
| <u>Special reserves u/s 45-IC of the RBI Act, 1934</u>      |                                   |                                   |
| Opening balance   | 604,496                           | 458,000                           |
| Add: transfer from P&L a/c during the year                  | 278,903                           | 146,496                           |
| Closing balance   | 883,399                           | 604,496                           |
| <u>Surplus/ (deficit) in statement of profit &amp; loss</u> |                                   |                                   |
| Balance as per last financial statements                    | 1,755,696                         | 1,037,473                         |
| Add: Profit/ (loss) for the year                            | 1,394,516                         | 732,481                           |
| Less: Contingent provision against standard assets          | 23,243                            | (132,238)                         |
| Less:- Special reserve u/s 45-IC of the RBI Act, 1934       | 278,903                           | 146,496                           |
| Net (deficit) in statement of profit and loss               | 2,848,066                         | 1,755,696                         |
|   | <b>76,261,215</b>                 | <b>74,889,942</b>                 |

| 5 Long-term provisions  | As at 31st March 2018<br>(Rupees) | As at 31st March 2017<br>(Rupees) |
|---|-----------------------------------|-----------------------------------|
| Contingent provision against standard assets*   |                                   |                                   |
| Opening Balance   | 526,868                           | 659,106                           |
| Add: Addition / (written off) during the year   | 23,243                            | (132,238)                         |
|   | <u>550,111</u>                    | <u>526,868</u>                    |
| *A contingent provision of 0.25% (0.25% till 31st March, 2017) against standard assets has been created on their respective outstanding amount considering RBI circular Ref. No. DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014.  |                                   |                                   |
| 6 Other current liabilities   | As at 31st March 2018<br>(Rupees) | As at 31st March 2017<br>(Rupees) |
| Audit fee payable   | 43,200                            | 42,000                            |
| Salary payable  | -                                 | 413,850                           |
| Advance against sale of shares  | -                                 | 3,289,000                         |
| TDS payable   | 4,000                             | 7,032                             |
| Other expenses payable  | 4,050                             | 39,240                            |
|   | <u>51,250</u>                     | <u>3,791,122</u>                  |
| 8 Deferred tax assets   | As at 31st March 2018<br>(Rupees) | As at 31st March 2017<br>(Rupees) |
| On account of timing difference between written down value with Companies Act with that of Income Tax Act   | 218,187                           | 266,449                           |
|   | <u>218,187</u>                    | <u>266,449</u>                    |
| 9 Long- term loan and advances  | As at 31st March 2018<br>(Rupees) | As at 31st March 2017<br>(Rupees) |
| Loan portfolio*   |                                   |                                   |
| Loan to Body Corporates<br>(recoverable in cash or kind, unsecured, considered good)  | 103,368,392                       | -                                 |
|   | <u>103,368,392</u>                | <u>-</u>                          |
| *Standard Assets - as per the classification of loans under the RBI guidelines.   |                                   |                                   |
| 10 Current Investments  | As at 31st March 2018<br>(Rupees) | As at 31st March 2017<br>(Rupees) |
| <u>Investment in unquoted Equity Shares</u>   |                                   |                                   |
| 25,000 ( 31st March 2017 : 25,000) fully paid Equity Shares of Rs. 10 each in Rudraveerya Developers Limited  | 250,000                           | 250,000                           |
|   | <u>250,000</u>                    | <u>250,000</u>                    |
| 10.1 The Company has acquired 50% stake in Rudraveerya Developers Limited on 10/10/2016 for the purpose of selling such stake in near future. Due to some internal reasons such decision of disposal was withhold during the year . Now, the Board has decided to sell these investments by 31st March 2019. Hence, shown as Current Investments. |                                   |                                   |
| 11 Inventories  | As at 31st March 2018<br>(Rupees) | As at 31st March 2017<br>(Rupees) |
| <u>Equity shares (quoted)</u>   |                                   |                                   |
| Nil (31st March 2017: 15000 shares) of Rs. 10 Each fully paid in Aplaya Creations Limited.  | -                                 | 195,300                           |
| Nil (31st March 2017: 48,000 shares) of Rs. 10 Each fully paid in franklin Leasing and Finance Limited  | -                                 | 732,960                           |
| Nil (31st March 2017: 7,35,000 shares) of Rs. 10 Each fully paid in Omni AXS Software Limited   | -                                 | 999,600                           |
| Nil (31st March 2017: 2,66,330 shares) of Rs. 1 Each fully paid in Yamini Investment Company Limited  | -                                 | 3,962,005                         |
|   | <u>-</u>                          | <u>10,889,865</u>                 |

|   |   |   |
|---|---|---|
| <b>12 Cash and cash equivalents</b>   | <b>As at 31st March 2018</b>                  | <b>As at 31st March 2017</b>                  |
|   | (Rupees)                                      | (Rupees)                                      |
| Cash on hand (as certified)   | 860,586                                       | 63,350  |
| Balances with banks in current Account  | 98,592  | 1,635,679                                     |
| Cheque in Hand  | -   | 2,030,269                                     |
|   | <b>959,178</b>                                | <b>3,729,298</b>                              |
| <b>13 Short-term loan and advances</b>  | <b>As at 31st March 2018</b>                  | <b>As at 31st March 2017</b>                  |
|   | (Rupees)                                      | (Rupees)                                      |
| Loan to Body Corporates   | 57,314,640                                    | 123,383,130                                   |
| Loan to Others<br>(recoverable in cash or kind, unsecured, considered good)     | 59,361,411                                    | 85,167,858                                    |
| Security Deposits   | 24,000  | -   |
|   | <b>116,700,051</b>                            | <b>208,550,988</b>                            |
| *Standard Assets - as per the classification of loans under the RBI guidelines. |   |   |
| <b>14 Other current assets</b>  | <b>As at 31st March 2018</b>                  | <b>As at 31st March 2017</b>                  |
|   | (Rupees)                                      | (Rupees)                                      |
| Advance Income Tax (net of provision)   | 2,261,271                                     | 2,196,158                                     |
| Prepaid expenses  | 40,949  | 46,450  |
|   | <b>2,302,220</b>                              | <b>2,242,608</b>                              |
| <b>15 Revenue from operations</b>   | <b>For the year ended<br/>31st March 2018</b> | <b>For the year ended<br/>31st March 2017</b> |
|   | (Rupees)                                      | (Rupees)                                      |
| Shares & securities   | 9,907,194                                     | 8,781,920                                     |
| Interest on loans   | 17,984,001                                    | 17,036,436                                    |
|   | <b>27,891,196</b>                             | <b>25,818,356</b>                             |
| <b>16 Other Income</b>  | <b>For the year ended<br/>31st March 2018</b> | <b>For the year ended<br/>31st March 2017</b> |
|   | (Rupees)                                      | (Rupees)                                      |
| Interest on Income tax refund   | 66,157  | 86,977  |
|   | <b>#####</b>                                  | <b>86,977</b>                                 |
| <b>17 Purchase of trade goods</b>   | <b>For the year ended<br/>31st March 2018</b> | <b>For the year ended<br/>31st March 2017</b> |
|   | (Rupees)                                      | (Rupees)                                      |
| Shares & securities   | 4,238,520                                     | 23,174,413                                    |
|   | <b>4,238,520</b>                              | <b>23,174,413</b>                             |
| <b>18 Changes in inventories</b>  | <b>For the year ended<br/>31st March 2018</b> | <b>For the year ended<br/>31st March 2017</b> |
|   | (Rupees)                                      | (Rupees)                                      |
| <u>Shares &amp; Securities</u>  |   |   |
| Inventories at the beginning of the year  | 10,889,865                                    | -   |
| Less : Inventories at the end of the year                                       | -   | 10,889,865                                    |
| (Inventories are valued at lower of cost or net realizable value)               | <b>10,889,865</b>                             | <b>(10,889,865)</b>                           |
| <b>19 Employee benefit expenses</b>   | <b>For the year ended<br/>31st March 2018</b> | <b>For the year ended<br/>31st March 2017</b> |
|   | (Rupees)                                      | (Rupees)                                      |
| Salaries and allowances   | 5,576,480                                     | 6,891,350                                     |
| Staff welfare expenses  | 301,178                                       | 430,590                                       |
|   | <b>5,877,658</b>                              | <b>7,321,940</b>                              |

CIN : L51221DL1985PLC022433  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31st MARCH 2018**

(Amount in Rupees)

| Tangible assets            | Rate | GROSS BLOCK                 |                      |                              | DEPRECIATION                |                              | NET BLOCK                    |                         |                         |
|----------------------------|------|-----------------------------|----------------------|------------------------------|-----------------------------|------------------------------|------------------------------|-------------------------|-------------------------|
|                            |      | Balance as at 1 April, 2017 | Additions / Deletion | Balance as at 31 March, 2018 | Balance as at 1 April, 2017 | Depreciation during the year | Balance as at 31 March, 2018 | W.D.V. as on 31.03.2018 | W.D.V. as on 31.03.2017 |
| Tangible Assets            |      |                             |                      |                              |                             |                              |                              |                         |                         |
| (a) Furniture and Fixtures | 10   | 14,000                      | -                    | 14,000                       | 12,903                      | 397                          | 13,300                       | 700                     | 1,097                   |
| (b) Motor Car              | 8    | 3,157,938                   | -                    | 3,157,938                    | 2,496,841                   | 213,779                      | 2,710,620                    | 447,318                 | 661,097                 |
| (b) Computer               | 3    | 35,600                      | -                    | 35,600                       | 33,820                      | -                            | 33,820                       | 1,780                   | 1,780                   |
| <b>Total</b>               |      | <b>3,207,538</b>            | <b>-</b>             | <b>3,207,538</b>             | <b>2,543,564</b>            | <b>214,176</b>               | <b>2,757,740</b>             | <b>449,798</b>          | <b>663,974</b>          |
| <b>Previous year</b>       |      | <b>3,207,538</b>            | <b>-</b>             | <b>3,207,538</b>             | <b>2,226,708</b>            | <b>316,856</b>               | <b>2,543,564</b>             | <b>2,543,564</b>        | <b>980,830</b>          |

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

Sd/-  
**Gaurav Joshi**  
 Partner  
 Membership No. 516027

New Delhi, the 30th day of May 2018

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

Sd/-  
**Sunil Kumar**  
 Wholetime Director  
 DIN: 00243057

Sd/-  
**Rohit Sarogi**  
 CFO  
 PAN: BVCPS4684L

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

Sd/-  
**Richa Sharma**  
 Company Secretary  
 PAN: CMEPS1335J

**21 Other expenses**

|   | For the year ended<br>31st March 2018<br>(Rupees) | For the year ended<br>31st March 2017<br>(Rupees) |
|---|---|---|
| Advertisement & Publication Expenses        | 67,837  | 63,493  |
| Annual Custodial Fee                        | 120,816   | 137,400   |
| Auditors Remuneration ( Refer note no.-28 ) | 56,284  | 54,614  |
| Books & periodicals                         | 22,050  | 30,220  |
| Business promotion                          | 2,837,812   | 2,056,574   |
| BSE listing fees                            | 287,500   | 229,000   |
| Car insurance                               | 67,263  | 72,816  |
| Conveyance expenses                         | 365,956   | 473,860   |
| Demat charges                               | 22,456  | 50,707  |
| Rent  | 188,935   | 165,000   |
| Postage, courier, fax & telegrams           | 19,218  | 27,564  |
| Printing and stationery                     | 31,010  | 72,050  |
| Professional charges                        | 54,136  | 166,450   |
| Membership fees                             | 17,700  | 67,563  |
| Miscellaneous expenses                      | 27,927  | 23,833  |
| RTA expenses                                | 37,978  | 63,704  |
| Telephone & Mobile Expenses                 | 72,030  | 89,743  |
| Tours & Travelling Expenses                 | 283,030   | 387,410   |
| Vehicle Running & Maintenance               | 214,060   | 472,726   |
| Deferred revenue expenditure w/off          | -   | 120,090   |
|   | <b>4,793,998</b>                                  | <b>4,824,817</b>                                  |

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

Sd/-  
**Gaurav Joshi**  
Partner  
Membership No. 516027

New Delhi, the 30th day of May 2018

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

|                    |                   |
|--------------------|-------------------|
| Sd/-               | Sd/-              |
| Sunil Kumar        | D.C. Singhal      |
| Wholetime Director | Director          |
| DIN: 00243057      | DIN: 00815681     |
| Sd/-               | Sd/-              |
| Rohit Sarogi       | Richa Sharma      |
| CFO                | Company Secretary |
| PAN: BVCP54684L    | PAN: CMEPS1335J   |

22. 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.

23. Balance shown under head Sundry Debtors, Creditors and Advances are subject to confirmation.

24. **Segment Information**

- (a) The Company has identified four reportable segments viz., cloth fabrics, basmati rice, electronic accessories and advancing of loans after taking into account the nature of product and services and the differing risk and returns on such products and services. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting: -

- i). Revenue and expenses have been identified to a segment on the basis of relation to operating activities of the segment. Revenue and Expenses relates to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Un-allocable”.
- ii). Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “Un-allocable”.

**(b) Primary Segment information:-**

| Particulars               | March 31, 2018<br>(Rs.) | March 31, 2017<br>(Rs.) |
|---------------------------|-------------------------|-------------------------|
| <b>Segment Revenue: -</b> |                         |                         |
| Shares & Securities       | 99,07,194               | 87,81,920               |
| Interest on loan          | 1,79,84,001             | 1,70,36,436             |
| Un-allocable              | 66,157                  | 86,977                  |
| <b>Total Revenue</b>      | <b>2,79,57,353</b>      | <b>2,59,05,333</b>      |

| Segment Results                           | March 31, 2018<br>(Rs.) | March 31, 2017<br>(Rs.) |
|---|-------------------------|-------------------------|
| (Profit/ loss before interest and taxes)  |                         |                         |
| Shares & Securities                       | (52,21,191)             | (35,02,628)             |
| Interest on loan                          | 1,79,84,001             | 1,70,36,436             |
| Un-allocable                              | 66,157                  | 86,977                  |
| Less: Interest                            | -                       | -                       |
| Less: Other unallocable expenditure (net) | 1,08,19,675             | 1,24,63,613             |
| <b>Total Profit Before Taxes</b>          | <b>19,43,135</b>        | <b>11,57,172</b>        |

| Capital Employed                       | March 31, 2018<br>(Rs.) | March 31, 2017<br>(Rs.) |
|--|-------------------------|-------------------------|
| (Segment Assets - Segment Liabilities) |                         |                         |
| Shares & Securities                    | -                       | 32,89,000               |
| Interest on loan                       | 22,00,44,443            | 20,85,50,988            |
| Un-allocable                           | 33,83,835               | 1,67,46,755             |
| <b>Total</b>                           | <b>22,34,28,278</b>     | <b>22,20,08,743</b>     |

25. Necessary disclosures as per requirements of Accounting Standard (AS) - 18 on 'Related Party Disclosure' are made as under: -

**(a) Related Parties Covered:**

|              |   |  |
|--------------|---|--|
| <b>(i)</b>   | <b>Key Management Personnel</b>   | Mr. Sunil Kumar (Whole Time Director)<br>Mr. Vikram Sharma (Director)<br>Mr. Naresh Poddar (Additional Director)<br>Mr. Deep Chand Singhal (Director)<br>Mr. Rohit Saraogi (CFO)<br>Ms. Richa Sharma (Company Secretary)<br>Ms. Deepika Rathore (Past Company Secretary)<br>Ms. Anjali Aggarwal (Past CFO) |
| <b>(ii)</b>  | <b>Relatives of Key Management Personnel</b>  | None   |
| <b>(iii)</b> | <b>Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives</b> | None   |

**(b) Transaction with Related Parties: -**

|       | <b>Transaction with</b>  | <b>Nature of Transaction</b> | <b>31/03/2018 (Rs.)</b> | <b>31/03/2017 (Rs.)</b> |
|-------|--|------------------------------|-------------------------|-------------------------|
| (i)   | <b>Key Management Personnel:-</b>  |                              |                         |                         |
|       | Ms. Deepika Rathore  | Salary                       | 3,30,000                | 3,00,000                |
|       | Ms. Anjali Aggarwal  | Salary                       | 3,30,000                | 3,60,000                |
|       | Mr. Deep Chand Singhal   | Rent Paid                    | 1,86,600                | 1,65,000                |
| (ii)  | <b>Relatives of Key Management Personnel :- None</b>   |                              |                         |                         |
| (iii) | <b>Enterprises in which Key Management Personnel and Relatives are having significant influences: - None</b> |                              |                         |                         |

| 26. | <b>Particulars</b>  | <b>31/03/2018 (Rs.)</b> | <b>31/03/2017 (Rs.)</b> |
|-----|---|-------------------------|-------------------------|
|     | Earnings/ Remittances and/ or Expenditure in Foreign Currency | Nil                     | Nil                     |

27. Break- up of payments made to statutory auditors (including taxes) is disclosed as under: -

| <b>Particulars</b>                                  | <b>31/03/2018 (Rs.)</b> | <b>31/03/2017 (Rs.)</b> |
|---|-------------------------|-------------------------|
| In respect of Statutory Audit (including Tax Audit) | 47,200                  | 46,000                  |
| In respect of Certification                         | 9,084                   | 8,614                   |
| <b>TOTAL</b>  | <b>56,284</b>           | <b>54,614</b>           |

28. Contingent Liability:-

| Particulars                       | 31/03/2018<br>(Rs.) | 31/03/2017<br>(Rs.) |
|-----------------------------------|---------------------|---------------------|
| Contingent Liability provided for | Nil                 | Nil                 |

29. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

30. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

32. The financial statements were approved for issue by the Board of Directors on 30th May, 2018.

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

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

In terms of our report of even date annexed

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

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

Sd/-  
**Gaurav Joshi**  
Partner  
Membership No. 516027  
**New Delhi, the 30th day of May 2018**

Sd/-  
**Sunil Kumar**  
Whole Time Director  
DIN: 00243057  
Sd/-  
**Rohit Sarogi**  
CFO  
PAN: BVCPS4684L

Sd/-  
**D.C. Singhal**  
Director  
DIN: 00815681  
Sd/-  
**Richa Sharma**  
Company Secretary  
PAN: CMEPS1335J



*September 03, 2018*

Dear Members,

You are cordially invited to attend the **33<sup>rd</sup> Annual General Meeting (AGM)** of the members of **Sonal Mercantile Limited** ('the Company') to be held on **Saturday, September 29, 2018 at 09:00 A.M.** at the Registered Office of the Company at **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085.**

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/-*

**Richa Sharma**  
**(Company Secretary)**

***Registered Office:***

*372, Vardhman Plaza, III Floor,*  
*Sector-3, Rohini, New Delhi-110085*

*CIN: L51221DL1985PLC022433*

*Website: [www.sonalmercantile.in](http://www.sonalmercantile.in)*

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

*Tel. No.: 011-49091417*

## NOTICE

NOTICE is hereby given that the **Thirty Third Annual General Meeting (AGM)** of the members of the Company will be held on **Saturday, September 29, 2018 at 09:00 A.M.** at the Registered Office of the Company at **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085** 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 March 31, 2018, along with the reports of the Board of Directors and the Auditors thereon.

#### **2. Re-appointment of Mr. Deep Chand Singhal as Director, liable to 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. Re-appointment of Statutory Auditors**

To re-appoint 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, 142 of the Companies Act, 2013 and the rules made there under, *M/s V.N. Purohit & Co., Chartered Accountants (Firm Registration Number: 304040E)* be and is hereby appointed as a Statutory Auditor of the Company for a period of Four Years and to hold office from the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company till the conclusion of the 37<sup>th</sup> Annual General Meeting and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period.”

### **Special Business:**

#### **4. Regularization of Additional Independent Director, Mr. Naresh Poddar as Non-Executive, Independent Director on the Board of the Company**

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 sub-section (6) of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to Regulation 16(1)(b) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Naresh Poddar (DIN:00381066), who was appointed as an Additional Director (Independent) pursuant to the provision of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and who will hold office for period of 5 (Five) years with effect from the date of appointment by the Board i.e. from *May 30, 2018*.”

5. **Regularization of Additional Independent Director, Mrs. Anu Aggarwal as Non-Executive, Independent Director on the Board of the Company**

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 sub-section (6) of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to Regulation 16(1)(b) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Anu Aggarwal (DIN:06911743), who was appointed as an Additional Director (Independent) pursuant to the provision of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and who will hold office for period of 5 (Five) years with effect from the date of appointment by the Board i.e. from *August 13, 2018*.

**By Order of the Board of Directors  
For Sonal Mercantile Limited**

**Date: September 03, 2018  
Place: New Delhi**

**Richa Sharma  
Company Secretary**

**NOTES:**

A. A Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”), relating to the Special Business to be transacted at the Meeting is annexed hereto.

B. **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 Notice of AGM. 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 (“the Act”), a person can act as a proxy on behalf of members not exceeding fifty (50) 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.

C. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting.

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 i.e. **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085** or on email Id i.e. [sonalmercantile@yahoo.in](mailto: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 Private Limited, (“Skyline”) D-153A, Okhla Industrial Area, Phase-I, New Delhi- 110020**. 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 close from **Saturday, September 22, 2018 to Saturday, September 29, 2018** (both days inclusive).

H. **Cut Off Date:**

a. This Notice is being sent to all the members whose name appears as on **Friday, August 31, 2018** in the register of members or beneficial owners as received from Skyline.

- 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 **Saturday, September 22, 2018 (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.** Members holding shares in physical mode are advised to make nomination in respect of their shareholding in the Company in the nomination form (SH-13). Members holding shares in electronic mode may contact their respective DPs for availing the nomination facility.
- L.** Members who have not registered / updated their e-mail addresses with Skyline, if shares are held in physical mode or with their DPs, if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically.
- M. 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 01:00 P.M. up to the Date of AGM.
- N. Communication to Members**
- a. **Dispatch of Annual Report:** The Annual Report 2017-18 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 2017-18 are being sent by the permitted mode.
- b. Members may also note that the **Notice of the Thirty Third AGM** and the **Annual Report 2017-18** will be available on the Company’s website, [www.sonalmercantile.in](http://www.sonalmercantile.in) 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: [sonalmercantile@yahoo.in](mailto:sonalmercantile@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 01:00 P.M. and will also be available for inspection by the members at the AGM.
- 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 01:00 P.M. and will also be available for inspection by the members at the AGM.
- 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, Aadhaar 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.

**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 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. **Instructions for e-voting:** A separate sheet containing the complete details of the instructions for e- voting is being sent to all the shareholders along with the Annual Report for the year 2017-18 to enable them to cast their votes through e-voting. This sheet is enclosed with this Notice of AGM.
- V. 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.
- VI. 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.

- VII. Additional Information of Directors seeking appointment at the ensuing AGM, as required under Regulation 36(3) of the Listing Regulations and Clause 1.2.5 of the SS-2, is annexed to the Notice.

## INSTRUCTIONS FOR E-VOTING

Members are requested to follow the below instructions to cast their vote through e-voting:

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 are mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is:  |
|--|---|
| a) For Members who hold shares in demat account with NSDL.     | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.   |
| b) For Members who hold shares in demat account with CDSL.     | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12***** then your user ID is 12*****.  |
| c) For Members holding shares in Physical Form.                | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “[Forgot User Details/Password?](#)”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.



**Details on Step 2 are given below:****How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [scrutinizer121317@gmail.com](mailto:scrutinizer121317@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Other Instructions:**

- i. The e-voting period commences on **Wednesday, September 26, 2018 (10:00 A.M.)** and ends on **Friday, September 28, 2018 (05:00 P.M.)**. During this period, Members holding shares either in physical form or in dematerialized form, as on **Saturday, September 22, 2018, i.e. cut-off date**, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.
- ii. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. 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 voting, either through remote e-voting or voting at the AGM through electronic voting system or poll paper.
- iii. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- iv. The facility for voting, either through tab based e-Voting system or ballot paper shall also be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting, may exercise their right to vote at the AGM.
- v. A member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- vi. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
- vii. Ms. Ankita Jain, Practicing Company Secretary (Membership No. ACS 33141 / COP 17923) has been appointed as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
- viii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, 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 make, not later than 48 hours of 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.
- ix. The result declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.sonalmercantile.in](http://www.sonalmercantile.in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

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

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

**Item No. 4**

The Board of Directors of the Company had appointed **Mr. Naresh Poddar** as an Additional Director of the Company with effect from *May 30, 2018*. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Naresh Poddar shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term up to five years.

A brief profile of Mr. Naresh Poddar, including nature of his expertise, is provided in the Annual Report (2017-2018). The Company has received a declaration of independence from Mr. Naresh Poddar.

In the opinion of the Board, Mr. Naresh Poddar fulfills the conditions specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for appointment as Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company [www.sonalmercantile.in](http://www.sonalmercantile.in)

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Naresh Poddar, is concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution set out at Item no. 4 for approval of the Members of the Company.

**Item No. 5**

The Board of Directors of the Company had appointed **Mrs. Anu Aggarwal** as an Additional Director of the Company with effect from *August 13, 2018*. In accordance with the provisions of Section 161 of Companies Act, 2013, Mrs. Anu Aggarwal shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term up to five years.

A brief profile of Mrs. Anu Aggarwal, including nature of her expertise, is provided in the Annual Report (2017-2018). The Company has received a declaration of independence from Mrs. Anu Aggarwal.

In the opinion of the Board, Mrs. Anu Aggarwal fulfills the conditions specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for appointment as Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company [www.sonalmercantile.in](http://www.sonalmercantile.in)

None of the Directors or Key Managerial Personnel and their relatives, except Mrs. Anu Aggarwal, is concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution set out at Item no. 5 for approval of the Members of the Company.

**By Order of the Board of Directors  
For Sonal Mercantile Limited**

**Date: September 03, 2018  
Place: New Delhi**

**Richa Sharma  
Company Secretary**

**ANNEXURE TO THE NOTICE**

**Profile of Director 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)*

| <b>Particulars</b>  | <b>Description</b>   |
|---|--|
| <b>Name of Director</b>   | <b>Mr. Deep Chand Singhal</b>  |
| <b>DIN</b>  | 00815681   |
| <b>Date of Birth</b>  | June 01, 1976  |
| <b>Age</b>  | 42 Years   |
| <b>Category of the Director</b>   | Non Independent Director (Non-Executive)   |
| <b>Educational Qualifications</b>   | B.Com and FCA [(Fellow Member of the Institute of Chartered Accountants of India (ICAI)].  |
| <b>Experience</b>   | More than Twelve Years   |
| <b>Expertise in specific functional areas</b>   | He has good experience in Finance, Project Financing, Share Market Research, Bonds Market, Taxation, Audits and also deals in matters relating to RBI.   |
| <b>Date of Appointment on the Board</b>   | December 03, 2009  |
| <b>Terms and conditions of appointment</b>  | <ul style="list-style-type: none"> <li>• Tenure of this appointment shall be as per the Section 152 of the Companies Act, 2013.</li> <li>• Mr. Deep Chand Singhal, Non-Executive Director of the Company shall be liable to retire by rotation.</li> <li>• At present he is not drawing a salary or enjoying any benefit or perquisite on cost of the Company. 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 and shall be subject to the applicable Company's policy.</li> </ul> |
| <b>Remuneration last drawn</b>  | Nil  |
| <b>Remuneration proposed to be given</b>  | Nil  |
| <b>Number of shares held in the Company as on March 31, 2018</b>  | 37500  |
| <b>List of Directorships held in other companies (excluding foreign, private and Section 8 companies)</b>   | Nil  |
| <b>Chairmanship / Membership of Committees Audit and Stakeholders' Relationship Committees across Public Companies including Sonal Mercantile Limited</b> | 2<br>(Membership of Audit and Stakeholders' Relationship Committees of Sonal Mercantile Limited)   |
| <b>Relationship between Directors inter se</b>  | Mr. Deep Chand Singhal is a Brother of Mr. Sunil Kumar, Executive Director of the Company  |
| <b>Number of meetings of the Board attended during the financial year 2017-18 (Out of total 11 Board Meetings held)</b>                                   | 11   |

**ANNEXURE TO THE NOTICE**

**Profile of Director 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)*

| <b>Particulars</b>  | <b>Description</b>  |
|---|---|
| <b>Name of Director</b>   | <b>Mr. Naresh Poddar</b>  |
| <b>DIN</b>  | 00381066  |
| <b>Date of Birth</b>  | March 24, 1979  |
| <b>Age</b>  | 39 Years  |
| <b>Category of the Director</b>   | Independent Director (Non-Executive)  |
| <b>Educational Qualifications</b>   | Bachelor of Commerce (B.Com)  |
| <b>Experience</b>   | More than 18 Years  |
| <b>Expertise in specific functional areas</b>   | Mr. Naresh Poddar has good experience in Purchase and Accounts Department.  |
| <b>Date of Appointment on the Board</b>   | May 30, 2018  |
| <b>Terms and conditions of appointment</b>  | <ul style="list-style-type: none"> <li>Pursuant to Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 and pursuant to Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, his candidature is proposed to be regularized as Director (Independent) in the ensuing General Meeting.</li> <li>His tenure will be for Five Years and not liable to retire by rotation.</li> </ul> |
| <b>Remuneration last drawn</b>  | Nil   |
| <b>Remuneration proposed to be given</b>  | Nil   |
| <b>Number of shares held in the Company as on March 31, 2018</b>  | Nil   |
| <b>List of Directorships held in other companies (excluding foreign, private and Section 8 companies)</b>   | Nil   |
| <b>Chairmanship / Membership of Committees Audit and Stakeholders' Relationship Committees across Public Companies including Sonal Mercantile Limited</b> | 2 (As on September 03, 2018)<br><br>(Membership of Audit and Stakeholders' Relationship Committees of Sonal Mercantile Limited)   |
| <b>Relationship between Directors inter se</b>  | No  |
| <b>Number of meetings of the Board attended during the financial year 2017-18 (Out of total 11 Board Meetings held)</b>                                   | Nil   |

**ANNEXURE TO THE NOTICE**

**Profile of Director 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)*

| <b>Particulars</b>  | <b>Description</b>  |
|---|---|
| <b>Name of Director</b>   | <b>Mrs. Anu Aggarwal</b>  |
| <b>DIN</b>  | 06911743  |
| <b>Date of Birth</b>  | September 22, 1983  |
| <b>Age</b>  | 35 Years  |
| <b>Category of the Director</b>   | Independent Director (Non-Executive)  |
| <b>Educational Qualifications</b>   | Bachelor of Arts (BA) in 2003 from Chaudhary Charan Singh University, Meerut (Uttar Pradesh)  |
| <b>Experience</b>   | More than 5 years   |
| <b>Expertise in specific functional areas</b>   | Mrs. Aggarwal has good experience in Marketing and Research, good communication skill, interpersonal skills and sound business knowledge etc.   |
| <b>Date of Appointment on the Board</b>   | August 13, 2018   |
| <b>Terms and conditions of appointment</b>  | <ul style="list-style-type: none"> <li>Pursuant to Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 and pursuant to Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, her candidature is proposed to be regularized as Director (Independent) in the ensuing General Meeting.</li> <li>Her tenure will be for Five Years and not liable to retire by rotation.</li> </ul> |
| <b>Remuneration last drawn</b>  | Nil   |
| <b>Remuneration proposed to be given</b>  | Nil   |
| <b>Number of shares held in the Company as on March 31, 2018</b>  | Nil   |
| <b>List of Directorships held in other companies (excluding foreign, private and Section 8 companies)</b>   | Nil   |
| <b>Chairmanship / Membership of Committees Audit and Stakeholders' Relationship Committees across Public Companies including Sonal Mercantile Limited</b> | Nil (As on September 03, 2018)  |
| <b>Relationship between Directors inter se</b>  | No  |
| <b>Number of meetings of the Board attended during the financial year 2017-18 (Out of total 11 Board Meetings held)</b>                                   | Nil   |

## SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

Regd. Office: 372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085

E mail- [sonalmercantile@yahoo.in](mailto:sonalmercantile@yahoo.in); Website: [www.sonalmercantile.in](http://www.sonalmercantile.in) ; Tel: 011-49091417

### 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 **Thirty Third Annual General Meeting** of the members of the Company held on **Saturday, September 29, 2018 at 09:00 A.M.** at **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085.**

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

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

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

## SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

Regd. Office: 372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085

E mail- [sonalmercantile@yahoo.in](mailto:sonalmercantile@yahoo.in); Website: [www.sonalmercantile.in](http://www.sonalmercantile.in) ; Tel: 011-49091417

### 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 **Thirty Third Annual General Meeting** of the members of the Company to be held on **Saturday, September 29, 2018 at 09:00 A.M.** at **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085** 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 2017-2018         |
| 2                        | Re-Appointment of Director liable to retire by rotation.                     |
| 3                        | Re-appointment of Statutory Auditors   |
| <b>SPECIAL BUSINESS</b>  |  |
| 4                        | Regularization of Mr. Naresh Poddar as Director (Independent) of the Company |
| 5                        | Regularization of Mrs. Anu Aggarwal as Director (Independent) of the Company |

Signed this.....day of.....2018 Signature of Shareholder.....

Affix  
Revenue  
Stamp

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

*\* Applicable for investors holding shares in electronic form.*

#### NOTES:

1. This Form in order to be effective should be duly completed and deposited at the Registered office of the Company at 372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085 not less than 48 hours before the Commencement of the Meeting.
2. Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.

**AGM VENUE ROUTE MAP**

