

Sonal Mercantile Limited



Annual Report 2023 - 2024

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Chairman's Message

Dear Members

It's a pleasure to present the Annual Report of Financial Year 2023-2024 of your Company. This year was remarkable; your Company had earned profit after tax of Rs. 1170.67 Lakhs. 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 loans 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 you for your support.



***Yours Sincerely
Vikram Goyal
(Chairman)***

COMPANY'S INFORMATION

BOARD OF DIRECTORS

| | | |
|-----------------------|---|--------------------------------|
| Mr. Vikram Goyal | - | Chairman & Whole Time Director |
| Mr. Rajan Goyal | - | Non Executive Director |
| Mr. Deepak | - | Independent Director |
| Mrs. Rati Goswami | - | Independent Director |
| Mr. Munish Kumar Garg | - | Independent Director |
| Mr. Pardeep Kumar | - | Independent Director |

CHIEF FINANCIAL OFFICER

| | | |
|-------------------|---|-------------------------|
| Mr. Rohit Saraogi | - | Chief Financial Officer |
|-------------------|---|-------------------------|

COMPANY SECRETARY AND COMPLIANCE OFFICER

| | | |
|------------------|---|--------------------------------------|
| Mr. Akshay Khare | - | Company Secretary/Compliance Officer |
|------------------|---|--------------------------------------|

STATUTORY AUDITOR

M/s. Ajay Rattan & Co. Chartered Accountants (Firm Reg No. 012063N)
E-115, 11th Floor, Himalaya House, 23, Kasturba Gandhi Marg, Delhi - 110001
Email: ajay@ajayrattanco.com

SECRETARIAL AUDITOR & SCRUTINIZER

Mr. Nitin Gupta (Practicing Company Secretary)
A-177, Ground Floor, A Block, Sector-15, Noida, Uttar Pradesh-201301
E-mail Id: csguptanitin@gmail.com

REGISTERED OFFICE

365, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085 Contact No. 011-49091417
E-mail Id: sonalmercantile@yahoo.in Website: 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 Website: www.skylinerta.com

BANKERS OF THE COMPANY

Union Bank of India
HDFC Bank

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

BOARD COMMITTEES

| | |
|--|--|
| Audit Committee | Mr. Pardeep Kumar (Chairperson) |
| | Mrs. Rati Goswami (Member) |
| | Mr. Rajan Goyal (Member) |
| | Mr. Munish Kumar Garg (Member) |
| | Mr. Deepak (Member) |
| Nomination & Remuneration Committee | Mrs. Rati Goswami (Chairperson) |
| | Mr. Rajan Goyal (Member) |
| | Mr. Munish Kumar Garg (Member) |
| | Mr. Pardeep Kumar (Member) |
| | Mr. Deepak (Member) |
| Stakeholders & Relationship Committee | Mr. Munish Kumar Garg (Chairperson) |
| | Mr. Pardeep Kumar (Member) |
| | Mr. Deepak (Member) |
| | Mrs. Rati Goswami (Member) |
| | Mr. Rajan Goyal (Member) |
| Risk Management Committee | Mr. Munish Kumar Garg (Chairperson) |
| | Mr. Pardeep Kumar (Member) |
| | Mr. Deepak (Member) |
| | Mr. Vikram Goyal (Member) |
| | Mr. Rajan Goyal (Member) |
| Corporate Social Responsibility Committee | Mr. Vikram Goyal (Chairperson) |
| | Mr. Deepak (Member) |
| | Mr. Pardeep Kumar (Member) |
| | Mr. Rajan Goyal (Member) |

NOTICE

NOTICE is hereby given that the **Thirty Nine Annual General Meeting (AGM)** of the members of the Company which is scheduled to be held on **Monday, September 30, 2024 at 11.00 AM** through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM') to transact the following business:

Ordinary Business:

1. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements (Standalone as well as Consolidated) of the Company for the year ended March 31, 2024, along with the reports of the Board of Directors and the Auditors thereon.

2. Re-appointment of Mr. Rajan Goyal as Director, liable to Retire by Rotation

To appoint a Director in place of Mr. Rajan Goyal (DIN: 02600825) who retires by rotation & being eligible offers himself for reappointment as a Director of the Company.

Special Business:

3. Approval of Material Related Party Transaction

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Regulations 23 (3) & (4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, and other applicable provisions of the Companies Act, 2013 ('Act') read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, as may be required and based on the recommendation of the Audit Committee, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include the Audit Committee to the omnibus approval of Material Related Party Transaction(s) / Contract(s) / Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise), between the Company and Rudraveerya Developers Ltd an associate Company on such terms and conditions as may be mutually agreed for an aggregate value not exceeding Rs. 200 crore , during the financial year 2025-26, on the terms and conditions as set out in the explanatory statement annexed to this notice and that such transactions already undertaken by the Company with aforesaid related parties during such period also be and is hereby ratified provided that such transaction(s)/ contract(s) / arrangement(s) / agreement(s) is being carried out at an arm's length pricing basis and in the ordinary course of business.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

4. Re-Appointment of Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Companies Act, 2013 and Regulation 16(1)(b), 25 and other applicable regulations of the

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the performance evaluation and recommendation of the Nomination and Remuneration Committee, the approval of the Members of the Company be and is hereby accorded to the re-appointment of Mrs. Rati Goswami (DIN: 08765348) as an Independent Director of the Company for the second term of five (5) years with effect from June 21, 2025 (date of reappointment) upto June 20, 2030 on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed between the Board of Directors and Mrs. Rati Goswami.

RESOLVED FURTHER THAT the Board of Directors of the Company including any Committee thereof be and is hereby authorised to do all acts, deeds, matters and things as they may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard, in the best interest of the Company.”

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

**Date: September 02nd, 2024
Place: New Delhi**

**Akshay Khare
Company Secretary**

Notes:

- 1.** General Instructions for accessing and participating in the 39th AGM through VC-OAVM facility and voting through electronic means including remote e voting.
 - a)** The Ministry of Corporate Affairs (“MCA”) has vide its General Circular Nos. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 20/2020 dated May 5, 2020, No. 22/2020 dated June 15, 2020, No. 33/2020 dated September 28, 2020, No. 39/2020 dated December 31, 2020, No. 10/2021 dated June 23, 2021, No. 20/2021 dated December 8, 2021, No. 3/2022 dated May 5, 2022, No. 11/2022 dated December 28, 2022, and No. 09/2023 dated September 25, 2023 (hereinafter collectively referred to as “MCA Circulars”) permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars, the 39th Annual General Meeting (AGM) of the Company is being held through Video Conferencing (VC)/Other Audio Visual Mode (OAVM). The Registered Office of the Company shall be deemed to be the venue for the AGM.
 - b)** In accordance with the aforesaid MCA Circulars and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May12,2020,SEBI/HO/CFD/CMD2/CIR/P/2021/11dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13,2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023, issued by the Securities Exchange Board of India (collectively referred to as (SEBI Circulars), the Notice of the 39th AGM along with the Annual Report for FY 2023-24 is being sent by electronic mode to those Members/ Shareholders whose e-mail addresses are registered with the Company/RTA, National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”), collectively “Depositories”. In case any Member is desirous of obtaining a physical copy of the Annual Report for the FY 2023-24 and Notice of the 39th AGM of the Company, he/she/they may send a request to the Company by writing at sonalmercantile@yahoo.in mentioning their Folio No. or DP ID and Client ID.
 - c)** The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“Act”), relating to the Special Business mentioned above is annexed hereto.
 - d)** Pursuant to the Circulars, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC-OAVM and participate there at and cast their votes through e-voting.
 - e)** The Members can join the AGM in the VC-OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC-OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 - f)** The attendance of the Members attending the AGM through VC-OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
 - g)** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 and other applicable circulars by MCA and SEBI the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

- h)** Members holding shares in Dematerialized Form are requested to intimate immediately any change in their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., as follows:
- a) For shares held in electronic form: to their Depository Participants (DPs).
 - b) For shares held in physical form: to the Company/ Registrar and Transfer Agent in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021
- i)** As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019. Members may please note that SEBI vide its Circular No. SEBI/ HO/MIRSD/MIRSD_ RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the website of the Company's Registrar and Transfer Agent, Skyline Financial Services Pvt. Ltd at <https://www.skylinerta.com/> It may be noted that any service request can be processed only after the folio is KYC Compliant. SEBI, vide its notification dated January 24, 2022, has mandated that all requests for transmission and transposition shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or Company's Registrar and Share Transfer Agent, Skyline Financial Services Pvt. Ltd. for assistance in this regard.
- j)** SEBI has vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/ CIR/2023/37 dated 16th March, 2023 mandated the physical shareholders to furnish their PAN, KYC and nomination details by October 1, 2023. Hence, the shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA, Skyline Financial Services Pvt. Ltd, either by e-mail to admin@skylinerta.com or by post at D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020, In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. To mitigate unintended challenges on account of freezing of folios, SEBI vide its Circular dated November 17, 2023, has done away with the provision regarding freezing of folios not having PAN, KYC, and Nomination details. The Company has sent individual letters to all the shareholders holding shares of the Company in physical form for furnishing their PAN, KYC, and nomination details. The necessary forms in this regard have been made available on the Company's website at www.sonalmmercantile.in Accordingly, the members are advised to register their details with the Company/RTA or DPs, in compliance with the aforesaid SEBI guidelines for smooth processing of their service requests and trading without any hindrance.
- k)** As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available to the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to RTA/DP, in case the shares are held in physical form.
- l)** 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 the Registrar and Share Transfer Agent of the Company for consolidation of the folios along with the requisite KYC documents for consolidating the holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialised

form

m) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17-2020 dated April 13, 2020, and other applicable circulars by MCA and SEBI time to time. the Notice calling the AGM has been uploaded on the website of the Company at www.sonalmercantile.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com. and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

n) In terms of section 152 of the Act, Mr. Rajan Goyal (DIN: 02600825), Director, retire by rotation at the meeting and being eligible, offer himself for re appointment.

Details of Director retiring by rotation, appointment-re appointment as required to be provided pursuant to the provision of (i) the Securities and Exchange Board of India (LODR) Regulation, 2015 and (ii) Secretarial Standard on General Meeting (SS-2), issued by the institute of Company Secretaries of India and approved by the Central Government are provided in Annexure to the Notice.

o) AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular and No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021. and other applicable circulars by MCA and SEBI time to time.

p) The remote e-voting period begins on **27th September, 2024 at 09.00 A.M. and ends on 29th September, 2024 at 05.00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. **23rd September, 2024** may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **23rd September, 2024**. The Register of Members and Share Transfer Books of the Company will remain closed from **24th September 2024 to 30th September 2024** (both days inclusive).

q) Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. **23rd September, 2024**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on 022 - 4886 7000 and 022 - 2499 7000. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. **23rd September, 2024** may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system”.

r) Members seeking to inspect such documents can send an email to Company at sonalmercantile@yahoo.in mentioning their name, Folio No./DP ID and Client ID and the documents that they seek to inspect, with a self-attested copy of their PAN card attached.

s) Online Dispute Resolution Portal (“ODR Portal”)

SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023, read with Master Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/ CIR/2023/145 dated July 31, 2023 (updated as of August 11, 2023), has established a common Online Dispute Resolution Portal (“ODR Portal”) for resolution of disputes arising in the Indian Securities Market.

Pursuant to the above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/Company directly and through the existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>) and the same can also be accessed through the Company’s website www.sonalmercantile.in under “Online Dispute Resolution (ODR) Portal” tab.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

How do I vote electronically using NSDL e-Voting system?

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





Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|--|--|
| <p>Individual Shareholders holding securities in demat mode with NSDL.</p> | <p>Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>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. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

| | |
|---|--|
| | <p>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <div style="display: flex; justify-content: space-around;">   </div> |
| <p>Individual Shareholders holding securities in demat mode with CDSL</p> | <p>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/loginor www.cdslindia.com and click on New System Myeasi.</p> <p>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p> |
| <p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p> | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43 |

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

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.

Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.

A new screen will open. You will have to enter your User ID, your Password/OTP 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.

Your User ID details are given below :

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

| | |
|--|-------------------------|
| | user ID is 101456001*** |
|--|-------------------------|

Password details for shareholders other than Individual shareholders are given below:

If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

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 to enter the 'initial password' and the system will force you to change your password.

How to retrieve your 'initial password'?

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'.

If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

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.

Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

Now, you will have to click on "Login" button.

After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

Now you are ready for e-Voting as the Voting page opens.

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.

Upon confirmation, the message “Vote cast successfully” will be displayed.

You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

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 csuguptanitin@gmail.com with a copy marked to evoting@nsdl.co.in and also mail to sonalmercantile@yahoo.in Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

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 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 or call on toll free no ;, 022 - 4886 7000 and 022 - 2499 7000 or send a request at evoting@nsdl.co.in who will also address the grievances connected with voting by electronic means. Members may also mail to the sonalmercantile@yahoo.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to sonalmercantile@yahoo.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to sonalmercantile@yahoo.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 and other applicable related circulars on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat

mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at sonalmercantile@yahoo.in The same will be replied by the company suitably. Only registered speakers shall be allowed to express their views/ ask questions during the meeting for a maximum time of 3 (three) minutes each, once the facility is open for shareholder queries. The Company reserves the right to restrict the number of speakers and number of questions depending on the availability of time for the AGM.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 3.

Regulation 23 of the SEBI Listing Regulations, inter alia, states that effective from April 1, 2022, all Material Related Party Transactions (RPT) shall require prior approval of the shareholders by means of an Ordinary Resolution, even if such transaction(s) are in the ordinary course of business and at an arm's length pricing basis. A transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds `1,000 crore or 10% of the annual consolidated turnover of a listed entity as per the last audited financial statements of the listed entity, whichever is lower.

The Management has provided the Audit Committee with relevant details of the RPT. The Audit Committee, after reviewing all necessary information, has granted its omnibus approval for entering into the below mentioned RPT. The Audit Committee has noted that the said transaction will be at an arm's length pricing basis and in the ordinary course of business. Members approval is also sought for ratification of transactions, if any, already done during the contract period.

| S.No. | Particulars | Details of Transactions |
|-------|--|--|
| 1 | Name of the Related Party | Rudraveerya Developers Limited |
| 2 | Relationship with the Company | Associate Company |
| 3 | Type, Material terms and particulars of the proposed transaction and Value of the proposed Transaction | Material terms and conditions are based on contract. Inter – corporate loans taken & repaid, interest paid an aggregating value not exceeding Rs. 200 Crore during the FY 2025-26 in the ordinary course of business at arm's length price. |
| 4 | Nature of concern or interest of the related party | Financial |
| 5 | Transaction relating to any loans, inter-corporate deposits, advances or investments received or given by the Company. | |
| a | Details of Financial Indebtedness incurred | In the ordinary course of business. |
| b | Tenure | an aggregating value not exceeding Rs. 200 Crore during the 2025-26. |
| c | Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security. | Loans taken, repaid. Percentage of Interest paid is between 8 to 10% Loan is Unsecured in nature. Repayment schedule : As per Loan agreement |
| d | The purpose for which the funds will be utilized by the ultimate | In the ordinary course of business. |

| | | |
|---|---|---|
| | Beneficiary of such funds pursuant to the RPT. | |
| 6 | Justification as to why the RPT is in the interest of the Company | The transaction is repetitive in nature and in the ordinary course of business at arm's length price. |
| 7 | Valuation or other external party report | Not applicable |

None of the Directors, Key Managerial Personnel and other relatives are concerned or interested other than to the extent of their shareholding/ directorships, in the Resolution at Item No. 3 of the Notice. The Board recommends the Ordinary Resolution at Item No. 3 of this Notice for the approval of the members. No related party can vote on the Item no.3. of this Notice.

ITEM NO 4

Mrs. Rati Goswami (DIN : 08765348) was appointed as Independent Director of the Company by the members at 35th AGM of the Company held on 16th October, 2020 for the period of 5 years commenced from 20th June, 2020 up to 20th June, 2025.

Based on performance evaluation and recommendation of Nomination and Remuneration Committee and as per the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, Mrs. Rati Goswami (DIN : 08765348) fulfils the conditions specified in the Act & the Rules thereunder and the SEBI (LODR) Regulations, 2015 for reappointment as an Independent Director,. In view of the aforesaid provisions of the Act, the Board considers that her continued association would be of immense benefit to the Company. Accordingly, the Board recommends the reappointment of Mrs. Rati Goswami (DIN : 08765348) as an Independent Director of the Company for the second term of five (5) years with effect from June 21, 2025 (date of reappointment) upto June 20, 2030 for approval of the Members of the Company by way of Special Resolution. she will not be liable to retire by rotation.

Pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mrs. Rati Goswami be paid such fees and remuneration and profit related commission as the Nomination and Remuneration Committee and Board of Directors may approved from time to time.

None of the Directors, Key Managerial Personnel and other relatives are concerned or interested other than to the extent of their shareholding/ directorships, in the Resolution at Item No. 4 of the Notice. The Board recommends the Special Resolution at Item No. 4 of this Notice for the approval of the members.

ANNEXURE TO THE NOTICE

Details of the Director seeking Appointment-Re-Appointment at the forthcoming Annual General Meeting

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Secretarial Standard – 2 on General Meetings)

| Particulars | Description | Description |
|---|--|--|
| Name of Director | Mr. Rajan Goyal | Mrs. Rati Goswami |
| DIN | 02600825 | 08765348 |
| Date of Birth | 07.10.1976 | 12.01.1992 |
| Age | 48 years | 32 years |
| Category of the Director | Director (Non-Executive Non Independent) | Independent Director (Non-Executive) |
| Educational Qualifications | Post Graduate | Post Graduate |
| Experience | In the field of accounts, taxation, marketing, construction business etc. | In the field of human resources, education general management, etc. |
| Expertise in specific functional areas | He has good experience in Marketing and Research, good communication skill, interpersonal skills and sound business knowledge etc. | She has good experience in communication skill, interpersonal skills and sound business knowledge etc. |
| Date of First Appointment on the Board | November 23, 2018 | 20 th June, 2020 |
| Terms and conditions of appointment | Re-Appointment as Non Executive director as per Companies Act, 2013 | Re-Appointment as Independent director as per Companies Act, 2013 |
| Details of remuneration last drawn | - | - |
| Details of remuneration sought to be paid | - | as per explanatory statement attached |
| Number of shares held in the Company as on March 31, 2024 | - | - |
| Name of listed entities from which the Director has resigned in the past three | - | - |

| | | |
|---|--|--|
| years | | |
| List of Directorships held in other companies (excluding foreign, private and Section 8 companies) | 1 BG Fincap Limited (Public Unlisted Company) | - |
| Chairmanship - Membership of Committees across Public Companies | No (Members in the Committees of Sonal Mercantile Limited only) | No (Chairperson & Members in the Committees of Sonal Mercantile Limited only) |
| No. of Meetings of the Board attended during the year | 5 | 5 |
| Relationship between Directors inter se | Yes, brother of Mr. Vikram Goyal | - |

BOARD REPORT

Dear Members,

Your Directors present the **Thirty Nine Annual Report** of your Company together with the **Audited Financial Statements** of the Company for the Financial Year ended **March 31, 2024**.

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, 2024 (In Lakhs) | March 31, 2023 (In Lakhs) |
| Total Income | 3945.87 | 2646.73 |
| Total Expenditure | 2381.46 | 1595.10 |
| Profit-(Loss) before tax | 1564.40 | 1051.62 |
| Profit-(Loss) after tax | 1170.67 | 784.85 |
| Paid-up Share Capital | 1473.85 | 1473.85 |

3. Operating Highlights

During the year under review, revenue from operations of the Company is Rs. 3931.61 Lakhs as compared to Rs. 2638.81 Lakhs in the previous year. The Company earned a profit after tax of Rs. 1170.67 lakhs as compared to Rs. 784.85 Lakhs 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 paid listing fees for the Financial Year 2023-24 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 financial statements for the financial year ended March 31, 2024.

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. 234.13 Lakhs to the Special Reserve of the RBI Act, 1934 out of current year's profits.

12. Directors

❖ Number of Meetings of the Board

During the year, 05 (Five) 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.

❖ 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.

❖ Appointment of KMP / Directors

No Directors/ KMP has been appointed during the year.

❖ Retirement -Re-appointment

In terms of Section 152 of the Companies Act, 2013, *Mr. Rajan Goyal (DIN: 02600825)* 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.

Shri Vikram Goyal (DIN:00381115) was reappointed as Whole time Director of the Company for the second term of five (5) years with effect from 23rd November, 2023 (date of reappointment) upto 22nd November, 2028. The same is also available on the website of the Company at www.sonalmercantile.in.

Mr. Deepak (DIN: 07878217) was reappointed as an Independent Director of the Company for the second term of five (5) years with effect from March 26, 2024 (date of reappointment) upto March 25, 2029. The same is also available on the website of the Company at www.sonalmercantile.in.

❖ Resignation of KMP / Directors

No Directors has been resigned during the year.

❖ Disclosure of Relationships Between Directors Inter-Se

Mr. Vikram Goyal and Mr. Rajan Goyal are directly related to each other. As they both are Brothers.

❖ Key Managerial Personnel

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

| S. No. | Name of Key Managerial Personnel | Designation | Appointment-Cessation |
|--------|----------------------------------|--|---|
| 1. | Mr. Vikram Goyal | Whole Time Director | November 23, 2018 (Reappointed w.e.f. November 23, 2023) |
| 2. | Mr. Rohit Saraogi | Chief Financial Officer | May 22, 2018 |
| 3. | Mr. Akshay Khare | Company Secretary & Compliance Officer | June10, 2022 |

13. Committees of the Board

Your Company has a duly constituted Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee, Corporate Social Responsibility Committee as per the provisions of Section 177, 178, 135 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 to avoid the repetition.

14. Subsidiary Companies-Associate Companies-Joint Ventures

The Company has One Associate Company i.e. M/s Rudraveerya Developers Limited.

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 i.e. www.sonalmercantile.in.

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. i.e. www.sonalmercantile.in.

17. Business Risk Management Policy

Pursuant to section 134 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 i.e. www.sonalmercantile.in.

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 i.e. www.sonalmercantile.in.

19. Auditors

❖ Statutory Auditors

M/s. Ajay Rattan & Co. Chartered Accountants (Firm Reg No. 012063N), has appointed as a Statutory Auditors of the Company for a period of 5 (five) years i.e. from the conclusion of 37th Annual General Meeting till the conclusion of the 42nd Annual General Meeting to be held in the year 2027. The Board has taken note and M/s. Ajay Rattan & Co. Chartered Accountants have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder as Statutory Auditors of the Company as required under Listing Regulations, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

❖ Auditors' Report

The observations, if any 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 2023-24. 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 of the Act.

Internal Auditor

The Company has re-appointed Ms. Surbhi Singhal as an Internal Auditor of the Company for the financial year 2023-24.

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**”.

The Web Address where Annual Return of the Company for the Financial Year 2023-24 referred in Section 92 has been placed is www.sonalmercantile.in.

21. Corporate Social Responsibility

Pursuant to provision of Section 135 of the Companies Act, 2013, your Company falls within the criteria of CSR applicability, therefore, the Company has formed CSR Policy. The CSR Policy & CSR Activity Report is annexed herewith as “**Annexure E**”.

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 | 2023-24 (Rs.) | 2022-23 (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 i.e. www.sonalmmercantile.in.

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 2023-24, no complaint was received/pending 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.

There was no application filed/proceedings done/pending related to the Insolvency and Bankruptcy Code, 2016.

❖ 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, 2024 and the date of the Boards' Report.

❖ Change in the Nature of Business

There is 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. Dematerialisation of Shares:

The ISIN No. INE321M01017 has been allotted for the Company. Therefore, the matter and/or investors may keep their shareholding in the electronic mode with their Depository Participates. 99.38% of the Company were held in dematerialized form and 0.62% of the issued share capital as on March 31, 2024.

34. Health, Safety And Environment Protection:

The Company has complied with all the applicable environmental law and labour laws. The Company has been complying with the relevant laws and has been taking all necessary measures to protect the environment and maximize worker protection and safety.

35. Human Resources

People remain the most valuable asset of your Company. Your Company follows a policy of building strong teams of talented professionals. Your Company continues to build on its capabilities in getting the right talent to support different products and geographies and is taking effective steps to retain the talent. It has built an open, transparent and meritocratic culture to nurture this asset. The Company recognizes people as its most valuable asset and The Company has kept a sharp focus on Employee Engagement. The Company's Human Resources is commensurate with the size, nature and operations of the Company.

36. Maintenance Of Cost Records

Maintenance of Cost Audit Records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company and accordingly such accounts and records are not required to be made and maintained.

37. RBI Guidelines

The Company continues to fulfill all the norms and standards laid down by the Reserve Bank of India for the Non-Banking Financial Company.

38. NBFC Registration

The company has registered with Reserve Bank of India as Non-Banking Finance Company vide: B-14.02393 Dated 19/07/2002.

39. Credit Rating

The directors of the Company are pleased to report that the Company is registered with all four RBI Authorized CIC's Companies i.e. TransUnion CIBIL Limited (Formerly: Credit Information Bureau (India) Limited), Credit Information Bureau (India) Limited (CIBIL), Equifax Credit Information Services Private Limited (ECIS), Experian Credit Information Company of India Pvt. Ltd, CRIF High Mark Credit Information Services Pvt. Ltd.

40. 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 02nd, 2024
Place: New Delhi**

**Vikram Goyal
Whole Time Director
DIN: 00381115**

**Rajan Goyal
Director
DIN: 02600825**

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024****[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
365, 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 31st March, 2024 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 31st March, 2024 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;

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.

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.

Place: New Delhi
Date: 12-08-2024
UDIN: F012404F000951947

NITIN GUPTA
Practicing Company Secretary
Membership No: F12404; C.P. No.: 14087
Peer review certificate no.: 2293/2022

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
365, 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: 12-08-2024**

**NITIN GUPTA
Practicing Company Secretary
Membership No: F12404**

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON 31-03-2024**

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|--|--|
| i. | CIN | L51221DL1985PLC022433 |
| ii. | Registration Date | 04-11-1985 |
| iii. | Name of the Company | Sonal Mercantile Limited |
| iv. | Category-Sub-Category of the Company | Public Company -Limited By Shares |
| v. | Address of the Registered office and contact details | 365, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085 Tel. No. 011-49091417 Email: sonalmercantile@yahoo.in Website: www.sonalmercantile.in |
| vi. | Whether listed company | Yes (Listed on BSE Limited and DSE) |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent | Contact Officer : Mr. Virender Rana Skyline Financial Services Private Limited SEBI Regn. No.: INR000003241 D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020. Tel No.: +91-11- 26812682- 011-40450193 Fax No.: +91-11-26812683 Email id: viren@skylinerta.com admin@skylinerta.com Website : www.skylinerta.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN-GLN | Holding-Subsidiary -Associate | % of shares held | Applicable Section |
|----------------|---|-----------------------|--------------------------------------|-------------------------|---------------------------|
| 1. | RUDRAVEERYA DEVELOPERS LIMITED 375, TF Block-B, Plot No. 7, VardhmanGrand Plaza, Mangalam Place, Near M2K, Sector-3, Rohini, New Delhi | U70109DL2016PLC304243 | Associate | 43.54 | 2(6) |

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

i. Category-wise Share Holding:

| A) Category-wise Share Holding | | Shares Held at 31-03-2023 | | | | Shares Held at 31-03-2024 | | | | % Change During The Year |
|--------------------------------|---|---------------------------|----------|----------------|-------------------|---------------------------|----------|----------------|-------------------|--------------------------|
| S.No | Category of Shareholders | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A | Promoters | | | | | | | | | |
| 1 | Indian | | | | | | | | | |
| a) | Individual HUF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) | Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) | State Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) | Bodies Corporate | 3672396 | 0 | 3672396 | 24.92 | 3672396 | 0 | 3672396 | 24.92 | 0 |
| e) | Banks-FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) | Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (A)(1) | 3672396 | 0 | 3672396 | 24.92 | 3672396 | 0 | 3672396 | 24.92 | 0 |
| 2 | Foreign | | | | | | | | | |
| a) | NRI Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) | Other Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) | Banks –FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) | Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (A)(2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total Shareholding of Promoters(A) | 3672396 | 0 | 3672396 | 24.92 | 3672396 | 0 | 3672396 | 24.92 | 0 |
| B | Public Shareholding | | | | | | | | | |
| 1 | Institutions | | | | | | | | | |
| a) | Mutual Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) | Banks-FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) | Central Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) | State Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) | Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) | FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) | Foreign Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) | Any Other Foreign | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| j) | Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (B)(1) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| 2 | Non-Institutions | | | | | | | | | |
| a) | Bodies Corporate | | | | | | | | | |
| 1) | Indian | 6600246 | 0 | 6600246 | 44.78 | 6543331 | 0 | 6543331 | 44.40 | -0.38 |
| 2) | Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) | Individuals | | | | | | | | | |
| 1) | Individual shares holders having nominal share capital upto Rs. 1,00,000 | 327813 | 66542 | 394355 | 2.68 | 318347 | 66542 | 384889 | 2.61 | -0.07 |
| 2) | Individual shares holders having nominal share capital Excess of Rs. 1,00,000 | 3701957 | 24200 | 3726157 | 25.28 | 3777157 | 24200 | 3801357 | 25.79 | 0.51 |
| c) | Others | | | | | | | | | |
| a) | HUF | 343261 | 0 | 343261 | 2.33 | 326111 | 0 | 326111 | 2.21 | -0.12 |

| | | | | | | | | | | |
|----|--|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-------------|
| b) | Non Resident Indian | 2045 | 0 | 2045 | 0.01 | 5769 | 0 | 5769 | 0.04 | 0.03 |
| c) | Foreign National | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) | Clearing Members | 65 | 0 | 65 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) | Trust | 0 | 0 | 0 | 0.00 | 100 | 0 | 100 | 0.00 | 0.00 |
| f) | Foreing Bodies-DR | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) | NBFC Registered With RBI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) | others | 0 | 0 | 0 | 0.00 | 4572 | | 4572 | 0.03 | 0.03 |
| | Sub-Total (B)(2) | 10975387 | 90742 | 11066129 | 75.08 | 10975387 | 90742 | 11066129 | 75.08 | 0.00 |
| | Total Public Shareholding (B) | 10975387 | 90742 | 11066129 | 75.08 | 10975387 | 90742 | 11066129 | 75.08 | 0.00 |
| C) | Shares Held By Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| D) | IEPF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Grand Total | 14647783 | 90742 | 14738525 | 100 | 14647783 | 90742 | 14738525 | 100 | 0.00 |

(ii) Shareholding of Promoters:

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year (01-04-2023) | | | Shareholding at the end of the year (31-03-2024) | | | % 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. | Vikram Goyal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. | Rajan Goyal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. | M/s Ram Gopal Goyal & Sons LLP | 3672396 | 24.92 | 0 | 3672396 | 24.92 | 0 | 0 |
| | Total | 3672396 | 24.92 | 0 | 3672396 | 24.92 | 0 | 0 |

(iii) Change in Promoters' Shareholding:

| Sr. no | Name | Shareholding during the year (01-04-2023 to 31-03-2024) | | Date | Increase- Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-2023 to 31-03-2024) | |
|--------|----------------------------|---|----------------------------------|------|------------------------------------|--------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1 | Ram Gopal Goyal & Sons LLP | 3672396 | 24.92 | - | - | - | 3672396 | 24.92 |

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

| Sl. no. | Name & Type of Transaction | Shareholding as on 31-03-2023 | | Transactions during the year 2023-24 | | Cumulative shareholding as on 31-03-2024 | |
|---------|--|-------------------------------|----------------------------------|--------------------------------------|---------------|--|----------------------------------|
| | | No. of shares held | % of total shares of the company | Date of transaction | No. Of shares | No of shares held | % of total shares of the company |
| 1 | RUDRAVEERYA DEVELOPERS LIMITED | 3645635 | 24.74 | - | - | | |
| | Balance | | | | | 3645635 | 24.74 |
| 2 | ORION PROP MART PRIVATE LIMITED | 1514797 | 10.28 | - | - | | |
| | Purchase | | | 01.09.2023 | 3482 | 1518279 | 10.30 |
| | Purchase | | | 15.09.2023 | 2560 | 1520839 | 10.32 |
| | Purchase | | | 22.09.2023 | 110 | 1520949 | 10.32 |
| | Purchase | | | 06.10.2023 | 105 | 1521054 | 10.32 |
| | Purchase | | | 08.12.2023 | 100 | 1521154 | 10.32 |
| | Purchase | | | 22.12.2023 | 200 | 1521354 | 10.32 |

| | | | | | | | |
|----|---|---------|------|------------|------|----------------|--------------|
| | Balance | | | | | 1521354 | 10.32 |
| 3 | ORION INFRADEVELO PERS PRIVATE LIMITED | 1317286 | 8.94 | - | - | | |
| | Purchase | | | 15.09.2023 | 4637 | 1321923 | 8.96 |
| | Purchase | | | 29.09.2023 | 110 | 1322033 | 8.94 |
| | Purchase | | | 06.10.2023 | 10 | 1322043 | |
| | Balance | | | | | 1322043 | 8.97 |
| 4 | NISHA AGARWAL | 415000 | 2.82 | - | - | | |
| | Balance | | | - | - | 415000 | 2.82 |
| 5 | NARESH PODDAR | 340389 | 2.31 | - | - | | |
| | Balance | | | - | - | 340389 | 2.31 |
| 6 | ASHOK HISSARIA | 314200 | 2.13 | - | - | | |
| | Balance | | | - | - | 314200 | 2.13 |
| 7 | JAI PARKASH SINGLA | 308996 | 2.10 | - | - | | |
| | Balance | | | - | - | 308996 | 2.10 |
| 8 | RADHA DEVI PODDAR | 275000 | 1.87 | - | - | | |
| | Balance | | | - | - | 275000 | 1.87 |
| 9 | POOJA SINGLA | 142313 | 0.97 | - | - | | |
| | Balance | | | - | - | 142313 | 0.97 |
| 10 | LILA DHAR GOYAL | 141000 | 0.96 | - | - | | |
| | Balance | | | - | - | 141000 | 0.96 |

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

| Sr. no | Name | Shareholding at the beginning of the year (as on 01-04-2023) | | Date | Increase- Decrease in share- holding | Reason | Cumulative Shareholding during the year (01-04-2023 to 31-03-2024) | |
|--|--|--|----------------------------------|------------|---|------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| A. Directors: | | | | | | | | |
| 1 | Vikram Goyal Whole Time Director (KMP) | 0 | 0 | 01-04-2023 | 0 | Nil movement during the year | 0 | 0 |
| | | 0 | 0 | 31-03-2024 | | | 0 | 0 |
| 2 | Rajan Goyal (Non-executive Non Independent Director) | 0 | 0 | 01-04-2023 | 0 | Nil movement during the year | 0 | 0 |
| | | 0 | 0 | 31-03-2024 | | | 0 | 0 |
| 3 | Rati Goswami (Independent Director) | 0 | 0 | 01-04-2023 | 0 | Nil movement during the year | 0 | 0 |
| | | 0 | 0 | 31-03-2024 | | | 0 | 0 |
| 4 | Pardeep Kumar (Independent Director) | 0 | 0 | 01-04-2023 | 0 | Nil movement during the year | 0 | 0 |
| | | 0 | 0 | 31-03-2024 | | | 0 | 0 |
| 5 | Munish Kumar Garg (Independent Director) | 0 | 0 | 01-04-2023 | 0 | Nil movement during the year | 0 | 0 |
| | | 0 | 0 | 31-03-2024 | | | 0 | 0 |
| 6 | Deepak (Independent Director) | 41725 | 0.28 | 01-04-2023 | 0 | Nil movement during the year | 41725 | 0.28 |
| | | 41725 | 0.28 | 31-03-2024 | | | 41725 | 0.28 |
| B. Key Managerial Personnel(KMP's): | | | | | | | | |
| 1 | Rohit Saraogi (Chief Financial Officer) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Akshay Khare (Company Secretary) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding-accrued but not due for payment – As per financial statements attached

V. 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 | | | Total | |
|---------|--|--------------------------|--|--|------------|---|
| | | CEO | | Company Secretary (Mr. Akshay Khare) (Amount in 000) | | CFO (Mr. Rohit Saraogi) (Amount in 000) |
| 1. | Gross salary: (a)Salary as per provisions contained in section17(1) of the Income-tax Act,1961 (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 | - | | 443.57 | 600 | 1043.57 |
| | | - | | - | - | - |
| | | - | | - | - | - |
| 2. | Stock Option | - | | - | - | - |
| 3. | Sweat Equity | - | | - | - | - |
| 4. | Commission - as% of profit -others, specify... | - | | - | - | - |
| | | - | | - | - | - |
| 5. | Others, please specify | - | | - | - | - |
| | Total | - | | 443.57 | 600 | 1043.57 |

VI. PENALTIES- PUNISHMENT- COMPOUNDING OF OFFENCES: - NIL During the financial year 2023-24.

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

**Date: September 02nd, 2024
Place: New Delhi**

**Vikram Goyal
Whole Time Director
DIN: 00381115**

**Rajan Goyal
Director
DIN: 02600825**

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 Nil.

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

| S. No. | Name | Designation | % Increase |
|--------|-------------------|-------------------------|-------------|
| 1 | Mr. Akshay Khare | Company Secretary | 32 % approx |
| 2 | Mr. Rohit Saraogi | Chief Financial Officer | - |

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

The remuneration of the employees in the financial year increase/decrease by around 9 percentage The calculation of % increase in Remuneration is done based on overall employee cost.

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

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 personnel nor increase in remuneration of CFO, However Salary of Company Secretary increased by approx 32 %.

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.

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

7. **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 02nd, 2024
Place: New Delhi

Vikram Goyal
Whole Time Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

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 arm's length transaction under third proviso thereto.

Details of contracts or arrangements or transactions at Arm's length basis.
(Rs in '000')

| S. No | Transaction with | Nature of transaction | Transactions during the year | | Balance as at | |
|-------|---|-----------------------|------------------------------|-------------|---------------|-------------|
| | | | 31-03-2024 | 31-03-2023 | 31-03-2024 | 31-03-2023 |
| (i) | <u>Associate Company: -</u> | | | | | |
| | Rudraveerya Developers Ltd | Loan Received | 12,34,107.50 | 8,17,220.09 | 6,65,637.64 | 8,81,361.11 |
| | | Loan repaid | 14,81,960 | 2,61,200 | - | - |
| | | Finance cost | 69,944.63 | 35,968.92 | 62,950.17 | 32,129.02 |
| (ii) | <u>Key Management Personnel: -</u> | | | | | |
| | Rohit Saraogi | Remuneration | 600 | 600 | 47.87 | 95.75 |
| | Akshay khare | Remuneration | 443.57 | 336.03 | 38.36 | 34.81 |
| | Prabhjeet Kaur | Remuneration | - | 27.95 | - | - |
| (iii) | <u>Relatives of Key Management Personnel: - None</u> | | | | | |
| (iv) | <u>Enterprises owned or significantly influenced by Key Management Personnel or their Relatives: - None</u> | | | | | |

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

**Date: September 02nd, 2024
Place: New Delhi**

**Vikram Goyal
Whole Time Director
DIN: 00381115**

**Rajan Goyal
Director
DIN: 02600825**

SONAL MERCANTILE LIMITED

{CORPORATE SOCIAL RESPONSIBILITY POLICY}

Corporate Social Responsibility (“CSR”) is the commitment of companies to provide resources and support activities focused on enhancing economic and social development. It is the effort made by companies to improve the living conditions of the local area in which they operate and the society at large. The activities taken up as a part of corporate social responsibility reflect the intent to create a positive impact on society without seeking any commensurate monetary benefits.

CSR has been a commitment at Sonal Mercantile Limited (“Company”). Being a responsible corporate citizen, the Company is committed to performing its role towards the society at large. In alignment with its vision, the Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. Its contribution to social sector development includes several pioneering interventions and is implemented through the involvement of stakeholders within the Company and with the broader community.

The Company’s objective is to pro-actively support meaningful socio-economic development. It works towards developing an enabling environment that will help citizens realise their aspirations towards leading a meaningful life. The Company aims to identify critical areas of development contributing to the well-being of the community and benefitting them over a period of time.

The Corporate Social Responsibility Policy (“Policy”) of the Company sets out the framework guiding the Company’s CSR activities. The Policy also sets out the rules that need to be adhered to while taking up and implementing CSR activities.

1. SCOPE OF THE POLICY

The Policy would pertain to all activities undertaken by Company towards fulfilling its corporate social responsibility objectives. The Policy would also ensure compliance with section 135 of the Companies Act, 2013 (“Companies Act”), read with Schedule VII of the Companies Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), each as amended from time to time and the notifications and circulars issued by the Ministry of Corporate Affairs from time to time and the rules framed thereunder (“CSR Regulations”). In the event of any inconsistency or discrepancy between this Policy and the CSR Regulations, the provisions of the CSR Regulations shall prevail.

2. COMPOSITION

The CSR Committee shall consist of 3 or more directors, out of which at least one director must be an independent director. The Board may change the composition of the CSR Committee from time to time in such manner as it thinks fit and as required under the CSR Regulations.

| S.N. | Name of Directors | Nature of Directorship/Designation | Number of meetings held during the year | Number of meetings attended during the year |
|------|-------------------|------------------------------------|---|---|
| 1 | Mr. Vikram Goyal | Whole Time Director /Chairman | 4 | 4 |
| 2 | Mr. Rajan Goyal | Non Executive Director/Member | 4 | 4 |
| 3 | Mr. Pardeep Kumar | Independent Director/Member | 4 | 4 |

| | | | | |
|---|------------|-----------------------------|---|---|
| | | | | |
| 4 | Mr. Deepak | Independent Director/Member | 4 | 4 |

3. OPERATING FRAMEWORK

CSR activities may be undertaken by the Company.

CSR activities will be undertaken in areas identified by the CSR Committee/Board of Directors. An annual CSR plan shall be presented to the Board of Directors.

Activities undertaken by Company may be implemented directly by the Company as well as by not-for-profit entities, if necessary and required. Such entities and projects shall be supported after ascertaining the credibility of the agency and its track record in implementing projects. The entity shall generally have a track record in implementing such projects.

The responsibility for implementation of identified activities/ projects shall be as per the organizational structure approved by the CSR Committee/Board of Directors.

The annual plan shall incorporate the following:

- (a) The prescribed outlay on CSR as per the Companies Act and related rules as amended from time to time;
- (b) Key CSR activities proposed to be undertaken during the year, including analysis of their eligibility for classification as CSR under the Companies Act and related rules as amended from time to time, their conformity with the Policy and their implementation schedules;
- b. Proposed outlay on each activity including expenditure on administrative overheads both directly and indirectly including employee costs;
- c. Activities to be undertaken by Company directly;
- d. Activities to be undertaken by other entities and Company's contribution to such entities; and

The authority to incur expenditures under the above plan shall be as per the approved delegation of financial powers in the Company.

Funds would be disbursed either in tranches or as one-time payment. The terms, conditions and timing of disbursement would be conditional upon the nature and requirement of the CSR project or programme.

4. DECISION MAKING BY THE BOARD OF DIRECTORS/CSR COMMITTEE

The Board Of Directors/CSR Committee shall at all-time act in a manner that is consistent with the provisions contained in this Policy and the CSR Regulations.

The Board Of Directors shall endeavour to arrive at all decisions via consensus of all members. However, on occurrence of any event.

5. CSR SPENDING

The Company may, in every financial year, spend such amounts on its CSR activities approved by the CSR Committee/Board of Directors, provided that the CSR Committee/Board of Directors shall ensure that the CSR expenditure is compliant with the CSR Regulations.

The Company shall undertake CSR spending in accordance with the CSR Regulations, as amended from time to time.

6. CSR IMPLEMENTATION

It is ensure that the CSR activities are undertaken by the Company itself or through-

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company;
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government;
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities,

In the manner prescribed under the CSR Regulations, as amended from time to time.

The Company may collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

The CSR Committee/Board of Directors shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the chief financial officer of the Company.

In case of ongoing project, the CSR Committee/Board of Directors shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

The CSR Committee/Board of Directors shall formulate an annual action plan in pursuance of its Policy, which shall include the following, namely:-

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
- (b) the manner of execution of such projects or programmes as specified in the CSR Rules;
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company,

Provided that Board may alter such plan at any time during the financial year, based on the reasonable justification to that effect.

7. MONITORING

The CSR Committee/Board of Directors shall ensure a transparent monitoring mechanism for CSR activities.

- (a) The progress of the CSR activities shall be reviewed at least twice a year, including the annual review by the Board of Directors in consultation and recommendation and suggestion with CSR Committee.

- (b) The Chief Financial Officer shall be responsible for monitoring expense on CSR activities with respect to the plan and submission of the same to the Board.
- (c) The Board of Directors shall review the progress of CSR activities at least annually.

8. DISCLOSURE

The Board's Report of the Company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in the CSR Regulations, as applicable to the Company.

The above information shall also be displayed on the Company's website.

9. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The projects or programmes to be undertaken by Company as CSR in India will be considered and approved by the Board Of Directors in consultation and recommendation and suggestion with CSR Committee. Any project or programme that is exclusively for the benefit of Company's employees would not be considered as CSR.

Company's primary focus areas for CSR activities are:

- 1. Poor Eradication**
- 2. Education**
- 3. Health care**
- 4. Safe drinking water**
- 5. Social Empowerment**
- 6. Sports& culture**
- 7. Training &Employment**
- 8. Grant/donation/financial assistance/sponsorship to reputed NGO's engaged in the upliftment of the society**
- 9. Donation to reputed NGO's engaged in the upliftment of the society**
- 10.Sponsorships**
- 11.Salary to Regular CSR Staff**

10. AMENDMENTS

The Policy may be reviewed and amended from time to time by the Board/CSR Committee.

REPORT ON CSR ACTIVITIES

1. Brief Outline on CSR Policy of the Company:

The Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. The Company's objective is to pro-actively support meaningful socio-economic development. Pursuant to provisions of Section 135 of the Companies Act, 2013, the Company has formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.sonalmercantile.in.

2. Composition of CSR Committee:

| S.N. | Name of Directors | Nature of Directorship/Designation | Number of meetings held during the year | Number of meetings attended during the year |
|------|-------------------|------------------------------------|---|---|
| 1 | Mr. Vikram Goyal | Whole Time Director /Chairman | 4 | 4 |
| 2 | Mr. Rajan Goyal | Non Executive Director/Member | 4 | 4 |
| 3 | Mr. Pardeep Kumar | Independent Director/Member | 4 | 4 |
| 4 | Mr. Deepak | Independent Director/Member | 4 | 4 |

3. Provide weblink where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

The Company has framed a CSR Policy and the same is placed on the website of the Company i.e. www.sonalmercantile.in.

4. Provide the Details of impact assessment of CSR Projects out in pursuance of sub-rule (3) of rule 8 of the companies (Corporate Social responsibility Policy) Rules, 2014 if applicable (attach the report) – NA

5. Detail of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the (Companies Corporate Social Responsibility Policy) rule 2014, and amount required for set off for the financial year, if any: NIL

6. Average profit before tax of the Company as per section 135(5)

Average profit before tax of the company for last three financial years: Rs 8,27,14,241

7. (a) Two percent of average net profit of the Company as per section 135(5): Rs. 16,54,284

(b) Surplus arising out of the CSR Projects or Programs or Activities of the previous financial years.: NIL

(c) Amount required to be set-off for the financial year, if any: NIL

(d) Total CSR Obligation for the Financial Year [7a+7b-7c]: Rs. Rs. 16,54,284

8. a) CSR amount spent or unspent for the financial year:

| Total Amount spent for the financial year(in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|---|------------------|---|----------------|------------------|
| | Total amount transferred to unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of Transfer | Name of fund | Amount | Date of Transfer |
| Rs. 4,04,284 | Rs. 12,50,000 | 02-04-2024 | Not Applicable | Not Applicable | Not Applicable |

a) details of CSR amount spent against on-going projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|--------|--|---|------------|-----------|------------------|------------------|---|---|--|---|------|-------------------------|
| Sl No. | Name of project | Items from the list of Activities in Schedule VII to the Act. | Local Area | State | District | Project Duration | Amount allocated for the project (in Rs.) | Amount spent in the current financial year (in Rs.) | Amount transferred to Unspent CSR account for the project as per Section 135(6) (in Rs.) | Mode of implementation -Direct (in Rs.) | Name | CSR Registration number |
| 1 | Eradicating Poverty/charitable purpose | Eradicating Poverty | yes | New Delhi | North West Delhi | One year | 16,54,284 | 4,04,284 | 12,50,000 | Yes | - | - |

b) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|--------|---------------------|---|----------------|-------|----------|--------------------------------------|---|------|--------------------------|
| Sl No. | Name of the project | Items from the list of activities in schedule VII to the act. | Local area Y/N | State | District | Amount spent for the project(in Rs.) | Mode of implementation -Direct (Yes/No) | Name | CSR Registration number. |
| - | - | - | - | - | - | - | - | - | - |

- b) **Amount Spent in Administrative Overhead: NIL**
c) **Amount spent on Impact assessment, if applicable: NA**
d) **Total amount spent for the financial year : Rs 4,04,284**

9 details of Unspent CSR Amount for the preceding three financial years:

| Sl No | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135(6) (in Rs.) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Amount spent in the Financial year (in Rs.) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding Financial year (in Rs.) | Deficiency, if any |
|-------|-------------------------------|---|---|---|---|-----------------|------------------|--|--------------------|
| | | | | | Name of the Fund | Amount (in Rs.) | Date of transfer | | |
| 1 | 01.04.2022 - 31.03.2023 | 11,40,000 | Nil | 11,40,000 | NA | NA | NA | NA | NA |
| 2 | 01.04.2021 - 31.03.2022 | 6,60,000 | Nil | 6,60,000 | NA | NA | NA | NA | NA |
| 3 | 01.04.2020 - 31.03.2021 | NA | | | | | | | |

10 In case of creation or acquisition of capital assets, furnish the details relating to the assets so created or acquired through CSR spent in the financial year:

- (a) **Date of acquisition of the capital asset(s): Nil**
(b) **Amount of CSR spent for creation or acquisition of capital assets: Nil**
(c) **Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.: Nil**
(d) **Provide details of the capital assets(s) created or acquired (including complete address and location of the capital assets): Nil**

- 11. Specify the reason(s), if the company has failed to spend two percent of the net profit as per section 135(5):** The Company has not spent the entire amount during the financial year 2023-2024, The Board has been seeking a suitable project which is related to ongoing project pertains to Poverty, Poor Eradication, Health & Social empowerment. However, Company has transferred the CSR Amount in bank account and will spent the CSR Amount in due course as per Companies Act, 2013.

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

**Date: September 02nd, 2024
Place: New Delhi**

**Vikram Goyal
Whole Time Director
DIN: 00381115**

**Rajan Goyal
Director
DIN: 02600825**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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. 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

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 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.

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.

4. Segment-Wise Performance

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

5. Outlook

It is projected to strengthen over the projected period and 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 and Financial statements of the Company.

9. Human Resource Development

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 and thanks for the co-operation and assistance received from the shareholders, bankers, investors, auditors and other government agencies during the year under review. The Board expressed its appreciation and gratitude for the guidance and cooperation extended to the company by RBI, statutory authorities and regulators. The Board records the commitment and dedication of its employees.

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

**Date: September 02nd, 2024
Place: New Delhi**

**Vikram Goyal
Whole Time Director
DIN: 00381115**

**Rajan Goyal
Director
DIN: 02600825**

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 2023-24 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, 2024 is six (06) Directors. Out of these Directors, four 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, 2024, their attendance at the Board Meetings held during the financial year 2023-2024 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 on March 31, 2024, 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. Vikram Goyal (Whole Time Director) (DIN: 00381115) | Executive | 05 | 05 | Yes | 1 | Nil | Nil |
| Mr. Rajan Goyal (Director) (DIN: 02600825) | Non-Executive Non Independent | 05 | 05 | Yes | 1 | Nil | Nil |
| Rati Goswami (Director) (DIN:08765348) | Non-Executive - Independent | 05 | 05 | Yes | Nil | Nil | Nil |
| Mr. Deepak (Director) (DIN: 07878217) | Non-Executive - Independent | 05 | 05 | Yes | Nil | Nil | Nil |
| Pardeep Kumar (Director) (DIN: 08862414) | Non-Executive - Independent | 05 | 05 | Yes | Nil | Nil | Nil |
| Munish Kumar Garg (Director) (DIN: 08866982) | Non-Executive - Independent | 05 | 05 | Yes | Nil | Nil | Nil |

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

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

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

Mr. Vikram Goyal and Mr. Rajan Goyal are directly related to each other. As they both are Brothers.

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

There were no appointment/cessation in the directorship of the company during the year. However In terms of Section 152 of the Companies Act, 2013, Mr. Rajan Goyal (DIN: 02600825) who retires by rotation at the ensuing AGM, being eligible offered himself for reappointment.

Shri Vikram Goyal (DIN:00381115) was reappointed as Whole time Director of the Company for the second term of five (5) years with effect from 23rd November, 2023 (date of reappointment) upto 22nd November, 2028.

Mr. Deepak (DIN: 07878217) was reappointed as an Independent Director of the Company for the second term of five (5) years with effect from March 26, 2024 (date of reappointment) upto March 25, 2029.

b) Number of Board Meetings

The Board of Directors met **Five times** during the Financial Year 2023-2024. 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. 2023-2024):

| S. No. | Date of Board Meetings | Total Strength of the Board | No. of Directors Present |
|--------|------------------------|-----------------------------|--------------------------|
| 1 | 30-05-2023 | 6 | 6 |
| 2 | 11-08-2023 | 6 | 6 |
| 3 | 01-09-2023 | 6 | 6 |
| 4 | 09-11-2023 | 6 | 6 |
| 5 | 10-02-2024 | 6 | 6 |

❖ 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 i.e. www.sonalmercantile.in.

❖ Number of shares and convertible instruments held by Non-Executive Directors during the Financial Year 2023-2024.

| Serial No. | Name of Non-Executive Director | Number of Shares |
|------------|--|------------------|
| 1. | Mr. Rajan Goyal (Non Independent Director) | 0 |
| 2. | Mrs. Rati Goswami (Independent Director) | 0 |
| 3. | Mr. Deepak (Independent Director) | 41725 |
| 4. | Mr. Munish Kumar Garg (Independent Director) | 0 |
| 5. | Mr. Pardeep Kumar (Independent Director) | 0 |

❖ 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 05/06/2023, 25/10/2023 & 21/03/2024 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.

❖ **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, if applicable. It is further confirmed that all the Directors and senior management personnel, if applicable of the Company have duly complied with the Company's Code of Conduct during the financial year 2023-24, 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, Risk Management committee and Corporate Social Responsibility 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:

c) Audit Committee

❖ Composition of Audit Committee

The Audit Committee comprises of five members viz. Mr. Pardeep Kumar (Chairman), Mrs. Rati Goswami (Member), Mr. Munish Kumar Garg (Member), Mr. Deepak (Member) and Mr. Rajan Goyal (Member). In compliance with Regulation 18(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, four 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, if required are invited for the meetings of the Audit Committee.

❖ Terms of Reference:

The role of the Audit Committee shall include the following:

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

6. Reviewing, with the management, the statement of uses - application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document - prospectus - notice and the report submitted by the monitoring agency monitoring the utilization 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 2023-24**

During the year, total five Audit Committee meetings were held respectively on 30.05.2023, 11.08.2023, 01.09.2023, 09.11.2023 and 10.02.2024. The attendance of the members of the committee mentioned as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|-----------------------|----------------------|-------------------|
| Mr. Rajan Goyal | 5 | 5 |
| Mrs. Rati Goswami | 5 | 5 |
| Mr. Deepak | 5 | 5 |
| Mr. Munish Kumar Garg | 5 | 5 |
| Mr. Pardeep Kumar | 5 | 5 |

b) Nomination and Remuneration Committee:

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

The Nomination and Remuneration Committee comprises of five members viz. Mrs. Rati Goswami (Chairperson), Mr. Pardeep Kumar (Member), Mr. Munish Kumar Garg (Member), Mr. Deepak (Member) and Mr. Rajan Goyal (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 2023-2024**

During the year, total Five meetings were held respectively on 30.05.2023, 11.08.2023, 01.09.2023, 09.11.2023, 12.11.2022 and 10.02.2024. The attendance of the members of the committee mentioned are as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|-----------------------|----------------------|-------------------|
| Mr. Rajan Goyal | 5 | 5 |
| Mrs. Rati Goswami | 5 | 5 |
| Mr. Deepak | 5 | 5 |
| Mr. Munish Kumar Garg | 5 | 5 |
| Mr. Pardeep Kumar | 5 | 5 |

❖ **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 Stakeholders Relationship Committee:**

The Company has a Board level Stakeholders Relationship Committee to examine and redress shareholders complaints, if any. The status on complaints, if any reported to the Board in quarterly meetings.

The Stakeholders Relationship Committee comprises of five members viz. Mr. Munish Kumar Garg (Chairman), Mrs. Rati Goswami (Member), Mr. Pardeep Kumar (Member), Mr. Deepak (Member) and Mr. Rajan Goyal (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 2023-24**

During the year, total four meetings were held respectively on 30.05.2023, 01.09.2023, 09.11.2023 and 10.02.2024. The attendance of the members of the committee mentioned as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|-----------------------|----------------------|-------------------|
| Mr. Rajan Goyal | 4 | 4 |
| Mrs. Rati Goswami | 4 | 4 |
| Mr. Deepak | 4 | 4 |
| Mr. Munish Kumar Garg | 4 | 4 |
| Mr. Pardeep Kumar | 4 | 4 |

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

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

d) Risk Management Committee:

❖ Composition of Risk Management Committee:

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

As on March 31, 2024 the Risk Management Committee comprises of Mr. Munish Kumar Garg (Chairman), Mr. Vikram Goyal (Member), Mr. Pardeep Kumar (Member), Mr. Deepak (Member) and Mr. Rajan Goyal (Member).

❖ Meetings of the Committee and Attendance of the Members during 2023-2024

During the year, total four meetings were held respectively on 30.05.2023, 01.09.2023, 09.11.2023 and 10.02.2024. The attendance of the members of the committee mentioned are as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|-----------------------|----------------------|-------------------|
| Mr. Rajan Goyal | 4 | 4 |
| Mr. Vikram Goyal | 4 | 4 |
| Mr. Deepak | 4 | 4 |
| Mr. Munish Kumar Garg | 4 | 4 |
| Mr. Pardeep Kumar | 4 | 4 |

Senior Management:

The company has not other Senior management during the year 2023-2024. The Company has Key managerial personnel (includes Senior management as per Sebi (LODR) Reg, 2015 and other employees only, and there is no changes therein since the close of the previous financial year in terms of Senior Management.

Corporate Social Responsibility Committee:

Section 135 of the Companies Act, 2013 states about the CSR. Corporate Social Responsibility (“CSR”) is the commitment of companies to provide resources and support activities focused on enhancing economic and social development.

❖ **Composition of Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee comprises of four members viz. Mr. Vikram Goyal (chairman), Mr. Pardeep Kumar (Member), Mr. Deepak (Member) and Mr. Rajan Goyal (Member).

❖ **Meetings of the CSR Committee and Attendance of the Members during 2023-2024**

During the year, total four meetings were held respectively on 30.05.2023, 01.09.2023, 09.11.2023 and 10.02.2024. The attendance of the members of the committee mentioned are as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|-------------------|----------------------|-------------------|
| Mr. Rajan Goyal | 4 | 4 |
| Mr. Vikram Goyal | 4 | 4 |
| Mr. Deepak | 4 | 4 |
| Mr. Pardeep Kumar | 4 | 4 |

4. General Body Meetings

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

| Year | Day, Date and Time | Venue of the Meetings | Whether Special Resolutions Passed |
|------|---|--|------------------------------------|
| 2023 | Saturday September 30, 2023 at 11:00 A.M. | Meeting held through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM') | Yes |
| 2022 | Friday September 30, 2022 at 11:00 A.M. | Meeting held through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM') | No |
| 2021 | Thursday September 30, 2021 at 11:00 A.M. | Meeting held through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM') | No |

However, The venue was deemed as registered office of the Company in case where meeting held through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM').

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

5. Means of Communication

The Company's website www.sonalmercantile.in contains a separate section viz. "Investor Info" under which shareholders information is available in a user friendly and downloadable form.

❖ Annual Report

Annual report containing the Audited Standalone & Consolidated 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

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.

The Unaudited/ Audited Financial Results have been published in a Hindi Newspaper and an English Newspaper. The results were sent to the Stock Exchanges on quarterly / half yearly basis. Details of publication of Financial Results are given below:

| PERIOD | NAME OF NEWSPAPER |
|---|--|
| Audited Financial Results for the year ended 31.03.2024 | Jansatta (Hindi News Paper) and Financial Express (English News Paper) |
| Unaudited Financial Results for the Quarter ended on 31.12.2023 | Jansatta (Hindi News Paper) and Financial Express (English News Paper) |
| Unaudited Financial Results for the Quarter and half year ended on 30.09.2023 | Jansatta (Hindi News Paper) and Financial Express (English News Paper) |
| Unaudited Financial Results for the Quarter ended on 30.06.2023 | Jansatta (Hindi News Paper) and Financial Express (English News Paper) |

The audited yearly/ unaudited quarterly results of the Company are also displayed on the website of the Company at www.sonalmercantile.in. As per the requirements of the Regulation 46 (2) of the SEBI Corporate Governance (Listing Obligations and Disclosure Requirement) Regulations 2015 of the Listing Agreement, the website of the Company is regularly updated.

6. General Shareholder Information

| | |
|--|--|
| ❖ Annual General Meeting Schedule | : Monday, September 30, 2024 at 11:00 A.M. through Video Conferencing (VC)-Other Audio Visual Means ('OAVM') |
| ❖ Financial Calendar (2023-24) (Tentative) | : The Financial Year of the Company will be April 01, 2023 to March 31, 2024. |
| ❖ Book Closure Dates | : September 24, 2023 to September 30, 2023 (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 2023-2024 paid to BSE Limited |
| ❖ Scrip Code | : 538943 (BSE) and 5053 (DSE) |
| ❖ ISIN No | : INE321M01017 |
| ❖ CIN No. | : L51221DL1985PLC022433 |

| | |
|--|--|
| ❖ Registrar and Share Transfer Agent (RTA) | : Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020 Contact No.011-40450193 E-mail Id: admin@skylinerta.com |
| ❖ Share Transfer process | : The Company's shares are traded on the Stock Exchanges in compulsory demat mode. The transfer of Physical shares are processed and returned to the shareholders within a period of 15 days |
| ❖ Plant Locations | : Not Applicable |
| ❖ Outstanding Bonds-Convertible Instruments | : Nil |
| ❖ Dematerialization of shares | As on March 31, 2024, 99.38% of the Company were held in dematerialized form and 0.62% 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 dematerialized form. |
| ❖ Address for correspondence | Registered Office Address: 365, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085 Contact No. 011-49091417 E-mail Id: sonalmercantile@yahoo.in Website: www.sonalmercantile.in |
| ❖ Market Price & Data | Stock Market price data for the F.Y. 2023-2024. 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, 2024 are as under. |

Stock Market price data for the Financial Year 2023-2024

| Date | Open Price | High Price | Low Price | Close Price | WAP | No. of Shares |
|-----------|------------|------------|-----------|-------------|------------|---------------|
| 03-Apr-23 | 75.6 | 75.6 | 69.25 | 73.53 | 73.3100304 | 329 |
| 05-Apr-23 | 75.97 | 75.97 | 70.05 | 73.81 | 74.6118721 | 219 |
| 06-Apr-23 | 76.99 | 76.99 | 73.9 | 74.1 | 74.6904376 | 1234 |
| 10-Apr-23 | 75.9 | 75.9 | 71.01 | 71.71 | 73.3182367 | 1656 |
| 11-Apr-23 | 71.71 | 75.75 | 71.71 | 72.73 | 74.3395755 | 801 |
| 12-Apr-23 | 76.3 | 76.3 | 70 | 74.84 | 73.8047809 | 502 |
| 13-Apr-23 | 74.84 | 78 | 73.5 | 74 | 75.3560295 | 1219 |
| 17-Apr-23 | 77 | 81 | 74 | 74.19 | 75.8811616 | 5234 |
| 18-Apr-23 | 75.67 | 79.69 | 72.6 | 75.9 | 77.2857143 | 672 |
| 19-Apr-23 | 82 | 83.49 | 74.01 | 80.46 | 81.369604 | 2803 |
| 20-Apr-23 | 87 | 88.5 | 81.1 | 85.62 | 87.0099294 | 9064 |
| 21-Apr-23 | 91 | 91 | 78 | 82 | 84.1634527 | 4356 |
| 24-Apr-23 | 76.7 | 84.5 | 75.4 | 78.78 | 78.1081263 | 1489 |

| | | | | | | |
|-----------|-------|-------|-------|-------|------------|------|
| 25-Apr-23 | 73.6 | 81.3 | 73.6 | 75.13 | 76.1827411 | 2167 |
| 26-Apr-23 | 79.58 | 79.58 | 72 | 74.66 | 74.0482741 | 3853 |
| 27-Apr-23 | 73 | 76.88 | 73 | 75.34 | 75.2041293 | 2567 |
| 28-Apr-23 | 79 | 79 | 73.5 | 76.45 | 75.4062134 | 1706 |
| 02-May-23 | 80 | 80 | 74.2 | 76.46 | 77.5473065 | 2209 |
| 03-May-23 | 80.99 | 84.1 | 76.76 | 84.1 | 83.3129393 | 3841 |
| 04-May-23 | 86 | 92 | 86 | 90.35 | 89.6961635 | 6803 |
| 05-May-23 | 98.88 | 98.88 | 90.35 | 91.21 | 92.2048595 | 2099 |
| 08-May-23 | 98 | 98 | 92 | 92.91 | 94.2984263 | 3495 |
| 09-May-23 | 96.95 | 96.95 | 88 | 92.19 | 92.186921 | 1835 |
| 10-May-23 | 88.22 | 94.4 | 85.2 | 89.13 | 88.5810811 | 814 |
| 11-May-23 | 86.02 | 89.89 | 84.3 | 84.64 | 86.6994382 | 1068 |
| 12-May-23 | 92.79 | 92.79 | 79.12 | 81.08 | 83.0079295 | 2270 |
| 15-May-23 | 79.02 | 86.95 | 73 | 78.71 | 76.4805087 | 4797 |
| 16-May-23 | 79.5 | 81.89 | 75.3 | 77.01 | 77.7458172 | 3108 |
| 17-May-23 | 82 | 82 | 72.98 | 75.17 | 75.6513889 | 2880 |
| 18-May-23 | 78 | 82.68 | 77.7 | 82.68 | 80.7626392 | 5835 |
| 19-May-23 | 88.3 | 88.3 | 77.5 | 80.82 | 82.1096995 | 4959 |
| 22-May-23 | 83.98 | 83.98 | 77 | 80.48 | 79.7077682 | 811 |
| 23-May-23 | 82.89 | 82.9 | 78 | 79.48 | 79.4282908 | 1018 |
| 24-May-23 | 78 | 82.59 | 77 | 77.64 | 79.1717524 | 2294 |
| 25-May-23 | 83.73 | 83.73 | 75.61 | 76.24 | 76.8912899 | 3008 |
| 26-May-23 | 80.94 | 80.94 | 76.25 | 76.5 | 77.5512367 | 1132 |
| 29-May-23 | 79.8 | 79.8 | 73.06 | 77.81 | 76.592281 | 2021 |
| 30-May-23 | 79.39 | 79.39 | 76.1 | 78.44 | 77.4232923 | 893 |
| 31-May-23 | 78.44 | 84.3 | 76.5 | 78.21 | 80.611165 | 6180 |
| 01-Jun-23 | 83.49 | 83.49 | 77.2 | 81.85 | 80.9835681 | 2130 |
| 02-Jun-23 | 77.32 | 82 | 77.32 | 81.87 | 80.4141876 | 1311 |
| 05-Jun-23 | 83 | 83 | 78.23 | 81.68 | 81.8136736 | 2077 |
| 06-Jun-23 | 83.9 | 83.9 | 78.56 | 80.14 | 79.5792779 | 1274 |
| 07-Jun-23 | 83 | 83.5 | 79.95 | 81.15 | 81.710274 | 1460 |
| 08-Jun-23 | 82.99 | 82.99 | 78 | 81.25 | 79.6810673 | 1574 |
| 09-Jun-23 | 82.99 | 84.99 | 81.15 | 83 | 82.8773246 | 3065 |
| 12-Jun-23 | 83 | 83 | 80.52 | 82.92 | 82.1786348 | 2256 |
| 13-Jun-23 | 80.52 | 83 | 78 | 81.03 | 81.0721966 | 651 |
| 14-Jun-23 | 82.99 | 83 | 78.05 | 80.67 | 80.3848253 | 1832 |
| 15-Jun-23 | 78.15 | 82.78 | 78.15 | 78.67 | 79.3677783 | 2129 |
| 16-Jun-23 | 82 | 82 | 77.85 | 81.8 | 80.9510204 | 490 |
| 19-Jun-23 | 83.44 | 83.44 | 76.3 | 81.52 | 79.8705429 | 3113 |
| 20-Jun-23 | 77.21 | 82.4 | 76.5 | 81.2 | 79.8254438 | 338 |
| 21-Jun-23 | 82.4 | 82.4 | 77.75 | 81.32 | 80.8811802 | 1254 |

| | | | | | | |
|-----------|-------|-------|-------|-------|------------|-------|
| 22-Jun-23 | 82 | 82 | 75 | 80.93 | 80.0386313 | 906 |
| 23-Jun-23 | 82 | 82 | 76.3 | 79.17 | 78.1494532 | 823 |
| 26-Jun-23 | 83 | 94.2 | 77.7 | 80.5 | 81.0362903 | 744 |
| 27-Jun-23 | 81.55 | 81.55 | 76.55 | 77.11 | 77.62527 | 926 |
| 28-Jun-23 | 79.95 | 84 | 77.11 | 81.07 | 81.2001574 | 5081 |
| 30-Jun-23 | 83.98 | 84.5 | 77.7 | 79.94 | 81.5371395 | 3433 |
| 03-Jul-23 | 81.54 | 81.54 | 77.5 | 79.04 | 78.9536082 | 776 |
| 04-Jul-23 | 83.9 | 83.9 | 76.05 | 77.07 | 77.3035458 | 4879 |
| 05-Jul-23 | 77.07 | 77.07 | 73.5 | 74.17 | 75.6024096 | 3984 |
| 06-Jul-23 | 78.55 | 78.55 | 73.5 | 75 | 75.8092105 | 304 |
| 07-Jul-23 | 75 | 75.95 | 72.1 | 75 | 74.8800304 | 1317 |
| 10-Jul-23 | 73.15 | 75.8 | 72 | 75.49 | 74.7671958 | 1134 |
| 11-Jul-23 | 75.49 | 75.8 | 72 | 75.8 | 75.1122661 | 962 |
| 12-Jul-23 | 75.75 | 75.8 | 72.5 | 74.38 | 74.5422414 | 1160 |
| 13-Jul-23 | 75.8 | 75.8 | 69.1 | 69.67 | 73.8623037 | 1910 |
| 14-Jul-23 | 70 | 74.8 | 68 | 70 | 70.8622093 | 1720 |
| 17-Jul-23 | 73 | 73.85 | 71 | 72.14 | 72.6243017 | 716 |
| 18-Jul-23 | 74 | 74 | 68.25 | 72.1 | 71.0455927 | 329 |
| 19-Jul-23 | 72.1 | 74.8 | 70 | 70.94 | 72.6632153 | 1835 |
| 20-Jul-23 | 70.1 | 74.8 | 70.1 | 72.2 | 73.6076496 | 1621 |
| 21-Jul-23 | 72.5 | 79 | 72 | 76.24 | 75.0110524 | 2081 |
| 24-Jul-23 | 78.9 | 78.9 | 73.7 | 76.99 | 75.9735941 | 2045 |
| 25-Jul-23 | 76.99 | 77 | 73.72 | 74.44 | 74.8527376 | 1589 |
| 26-Jul-23 | 74 | 75.8 | 73.81 | 73.9 | 74.7017544 | 171 |
| 27-Jul-23 | 75.44 | 77 | 74.03 | 74.63 | 76.0815335 | 1852 |
| 28-Jul-23 | 76.8 | 76.8 | 74.39 | 74.87 | 75.5973451 | 452 |
| 31-Jul-23 | 76.84 | 76.84 | 72 | 73.36 | 73.1557789 | 1194 |
| 01-Aug-23 | 75 | 75 | 72.76 | 73.9 | 74.473251 | 243 |
| 02-Aug-23 | 76 | 78 | 72.5 | 73.66 | 75.1084453 | 4168 |
| 03-Aug-23 | 73.2 | 78.66 | 71.75 | 73.95 | 73.6402408 | 1993 |
| 04-Aug-23 | 76.24 | 76.5 | 72.05 | 75.23 | 74.7300971 | 515 |
| 07-Aug-23 | 75.47 | 75.47 | 72.7 | 73.05 | 73.6963696 | 303 |
| 08-Aug-23 | 77.44 | 77.44 | 72.73 | 73.06 | 73.5847328 | 1310 |
| 09-Aug-23 | 74.52 | 76.78 | 72.96 | 73 | 73.4204036 | 892 |
| 10-Aug-23 | 72.11 | 75 | 72.11 | 73 | 73.4790487 | 883 |
| 11-Aug-23 | 74.46 | 75.95 | 71.52 | 72.23 | 72.5 | 920 |
| 14-Aug-23 | 72.23 | 74.5 | 68.23 | 72.08 | 72.1726457 | 892 |
| 16-Aug-23 | 72.01 | 74.24 | 70.4 | 70.51 | 71.3431151 | 443 |
| 17-Aug-23 | 72 | 75 | 72 | 73.42 | 73.8634112 | 1413 |
| 18-Aug-23 | 74.6 | 77.5 | 70.31 | 71.19 | 71.6899669 | 12389 |
| 21-Aug-23 | 73.88 | 73.88 | 70.85 | 71.7 | 71.73625 | 800 |

| | | | | | | |
|-----------|--------|--------|--------|--------|------------|-------|
| 22-Aug-23 | 74.94 | 75 | 70.55 | 71.72 | 72.2011866 | 5562 |
| 23-Aug-23 | 74.45 | 74.99 | 71.5 | 72.55 | 72.6391031 | 5575 |
| 24-Aug-23 | 75 | 78.99 | 73.01 | 75.07 | 75.2849741 | 772 |
| 25-Aug-23 | 79.7 | 79.7 | 72.25 | 73.27 | 74.3170732 | 902 |
| 28-Aug-23 | 78 | 78 | 73 | 74.73 | 74.6380154 | 4293 |
| 29-Aug-23 | 74 | 77 | 73.25 | 73.87 | 74.8144723 | 1838 |
| 30-Aug-23 | 74.25 | 75.99 | 74.21 | 75.46 | 75.2950311 | 644 |
| 31-Aug-23 | 78.99 | 87.98 | 75.1 | 80.11 | 79.220346 | 9712 |
| 01-Sep-23 | 85.55 | 85.6 | 80 | 82.52 | 82.6450103 | 5341 |
| 04-Sep-23 | 84.85 | 99 | 84.85 | 90.53 | 91.6147756 | 18693 |
| 05-Sep-23 | 97.99 | 98 | 93.6 | 97.25 | 96.3996155 | 11964 |
| 06-Sep-23 | 103.9 | 110 | 99 | 108.09 | 103.38759 | 13602 |
| 07-Sep-23 | 113 | 114.98 | 105 | 110.62 | 112.528983 | 10420 |
| 08-Sep-23 | 102.2 | 108 | 101.36 | 103.68 | 103.75768 | 13346 |
| 11-Sep-23 | 103.68 | 110.98 | 96.01 | 96.8 | 101.395166 | 12825 |
| 12-Sep-23 | 103.9 | 103.9 | 96.01 | 99.74 | 99.3707165 | 2568 |
| 13-Sep-23 | 102.5 | 103 | 92.7 | 93.75 | 97.5891213 | 2390 |
| 14-Sep-23 | 99.8 | 99.8 | 86.76 | 94.89 | 93.5204651 | 4300 |
| 15-Sep-23 | 96 | 100.85 | 93.35 | 95.67 | 97.2896368 | 1129 |
| 18-Sep-23 | 93.36 | 97 | 91.08 | 92.62 | 93.1794582 | 1772 |
| 20-Sep-23 | 96.8 | 96.8 | 91.1 | 92.27 | 93.7079716 | 1267 |
| 21-Sep-23 | 90.16 | 95 | 90 | 94.95 | 92.0946602 | 2060 |
| 22-Sep-23 | 95.5 | 95.5 | 92 | 92.26 | 93.3242507 | 367 |
| 25-Sep-23 | 94.8 | 94.8 | 90.56 | 92.69 | 92.3655462 | 476 |
| 26-Sep-23 | 89.16 | 94.48 | 86.62 | 88.23 | 89.5758283 | 2143 |
| 27-Sep-23 | 88 | 92.78 | 87.05 | 90.8 | 89.6803456 | 463 |
| 28-Sep-23 | 90 | 91.99 | 85.4 | 87.08 | 88.6300732 | 1503 |
| 29-Sep-23 | 87.08 | 91.5 | 86 | 86.8 | 87.2869792 | 1920 |
| 03-Oct-23 | 90 | 90 | 83 | 84.75 | 84.1873885 | 3362 |
| 04-Oct-23 | 80.31 | 88.9 | 80.31 | 85.51 | 85.9795396 | 1173 |
| 05-Oct-23 | 88.55 | 88.55 | 83 | 85.08 | 85.0670471 | 701 |
| 06-Oct-23 | 88.5 | 88.5 | 87.5 | 87.74 | 87.9254658 | 805 |
| 09-Oct-23 | 96.45 | 96.45 | 83 | 88.11 | 89.4052288 | 1530 |
| 10-Oct-23 | 89 | 92.87 | 83 | 88.4 | 87.5835557 | 4123 |
| 11-Oct-23 | 96 | 96 | 86 | 87.33 | 88.6009772 | 1228 |
| 12-Oct-23 | 93 | 93 | 87.05 | 88.19 | 89.4837278 | 676 |
| 13-Oct-23 | 93.8 | 93.8 | 87.55 | 88.12 | 88.4718615 | 693 |
| 16-Oct-23 | 88.1 | 92 | 88.1 | 88.4 | 88.4517007 | 735 |
| 17-Oct-23 | 89 | 91.98 | 88.46 | 89.5 | 88.9224138 | 1508 |
| 18-Oct-23 | 91.78 | 91.78 | 83 | 86.88 | 86.8060036 | 2232 |
| 19-Oct-23 | 85.05 | 89.8 | 84.2 | 85.69 | 86.0738462 | 1625 |

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|-----------|-------|-------|-------|--------|------------|------|
| 20-Oct-23 | 89.95 | 89.95 | 83 | 84.99 | 84.909589 | 1460 |
| 23-Oct-23 | 85 | 89.8 | 83.7 | 84.07 | 85.0434333 | 967 |
| 25-Oct-23 | 88 | 88 | 82.81 | 83.3 | 84.5149573 | 468 |
| 26-Oct-23 | 83 | 85 | 83 | 83.4 | 83.5052411 | 477 |
| 27-Oct-23 | 82.5 | 85.99 | 81.32 | 85 | 82.306914 | 593 |
| 30-Oct-23 | 89 | 91 | 81.2 | 84.5 | 86.1870287 | 1326 |
| 31-Oct-23 | 89 | 89 | 86.49 | 86.87 | 86.8317308 | 416 |
| 01-Nov-23 | 86.1 | 88.99 | 86.1 | 86.24 | 86.3244048 | 336 |
| 02-Nov-23 | 86.24 | 89.98 | 85.7 | 85.79 | 87.1120081 | 1982 |
| 03-Nov-23 | 88.45 | 88.45 | 85.01 | 87.38 | 87.5987526 | 481 |
| 06-Nov-23 | 90.6 | 90.6 | 83.11 | 88.69 | 87.1084431 | 1291 |
| 07-Nov-23 | 89.75 | 89.75 | 83 | 86.32 | 86.03125 | 736 |
| 08-Nov-23 | 89.99 | 89.99 | 86 | 88.98 | 89.5348243 | 3130 |
| 09-Nov-23 | 89.9 | 91.44 | 86.7 | 91.35 | 90.2930218 | 3167 |
| 10-Nov-23 | 90.05 | 93.99 | 88.12 | 92.84 | 91.8343023 | 1032 |
| 12-Nov-23 | 95 | 109.4 | 88.45 | 101.35 | 101.122677 | 1883 |
| 13-Nov-23 | 101 | 101 | 92 | 93.37 | 95.0112621 | 2575 |
| 15-Nov-23 | 99.98 | 99.98 | 92.51 | 95 | 95.1229773 | 1236 |
| 16-Nov-23 | 99.49 | 99.49 | 92 | 92.95 | 92.8828829 | 1221 |
| 17-Nov-23 | 96 | 99 | 92.51 | 97.47 | 93.8851122 | 1471 |
| 20-Nov-23 | 96.5 | 97.47 | 93.12 | 95.5 | 95.1007519 | 665 |
| 21-Nov-23 | 95.5 | 97 | 94.65 | 94.65 | 94.8095238 | 168 |
| 22-Nov-23 | 94.65 | 95.95 | 87.62 | 90.98 | 92.4695214 | 1985 |
| 23-Nov-23 | 93.3 | 93.3 | 90 | 90.46 | 91.2010663 | 1313 |
| 24-Nov-23 | 91.6 | 94.1 | 91.6 | 92.93 | 91.609957 | 5584 |
| 28-Nov-23 | 94.95 | 94.95 | 83.8 | 88.74 | 88.4147515 | 1871 |
| 29-Nov-23 | 88.24 | 90 | 88 | 88.25 | 88.3184334 | 2349 |
| 30-Nov-23 | 92.99 | 92.99 | 88.2 | 89.6 | 89.3726068 | 679 |
| 01-Dec-23 | 96.8 | 96.8 | 89.01 | 91 | 91.6824386 | 1099 |
| 04-Dec-23 | 94.99 | 94.99 | 88.4 | 91.73 | 90.5570033 | 1535 |
| 05-Dec-23 | 91 | 91.99 | 88.8 | 89 | 90.2936345 | 974 |
| 06-Dec-23 | 88 | 89.5 | 83.6 | 85.56 | 85.4096138 | 4868 |
| 07-Dec-23 | 85.57 | 89.14 | 85.57 | 88.99 | 88.3945783 | 1660 |
| 08-Dec-23 | 91.97 | 91.97 | 84.61 | 86.76 | 86.3179724 | 1085 |
| 11-Dec-23 | 88.88 | 90.98 | 86 | 89.61 | 89.6100577 | 1213 |
| 12-Dec-23 | 89 | 91.5 | 87.61 | 88.73 | 88.0704918 | 610 |
| 13-Dec-23 | 89.6 | 90 | 87 | 87.66 | 88.4643891 | 1727 |
| 14-Dec-23 | 95 | 95 | 88 | 90.9 | 89.9547101 | 552 |
| 15-Dec-23 | 90 | 90.79 | 89 | 90.2 | 90.2164887 | 1686 |
| 18-Dec-23 | 90 | 90 | 87.6 | 88.62 | 88.3496448 | 1267 |
| 19-Dec-23 | 89.9 | 89.9 | 86.1 | 87.18 | 87.353461 | 2037 |

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|-----------|--------|--------|-------|--------|------------|-------|
| 20-Dec-23 | 89 | 89 | 86.5 | 86.56 | 87.2478485 | 581 |
| 21-Dec-23 | 94 | 94 | 83.72 | 86.39 | 87.4234375 | 640 |
| 22-Dec-23 | 92.9 | 92.9 | 83.72 | 87.85 | 87.7551241 | 927 |
| 26-Dec-23 | 88.88 | 90.98 | 86.11 | 88.02 | 88.6137032 | 2379 |
| 27-Dec-23 | 92 | 92 | 88.05 | 90 | 88.2858328 | 47003 |
| 28-Dec-23 | 93 | 93 | 85.4 | 89.98 | 87.3786237 | 3415 |
| 29-Dec-23 | 89 | 90 | 87.6 | 89.8 | 89.6104294 | 978 |
| 01-Jan-24 | 86.65 | 89.75 | 85.13 | 86.66 | 88.2152824 | 1505 |
| 02-Jan-24 | 87 | 90.99 | 86.66 | 87.64 | 87.8474771 | 872 |
| 03-Jan-24 | 89.95 | 89.95 | 88.01 | 88.26 | 88.3206052 | 1388 |
| 04-Jan-24 | 88.7 | 88.7 | 86.5 | 88.24 | 87.9732848 | 1647 |
| 05-Jan-24 | 88 | 91.99 | 88 | 89 | 88.9862385 | 654 |
| 08-Jan-24 | 92 | 92 | 86 | 90.3 | 89.2302129 | 2489 |
| 09-Jan-24 | 91 | 91 | 86.5 | 87.93 | 89.2800265 | 1507 |
| 10-Jan-24 | 89.97 | 89.97 | 87.1 | 89.4 | 88.8809107 | 571 |
| 11-Jan-24 | 89.4 | 89.4 | 88.11 | 89.28 | 88.9669811 | 636 |
| 12-Jan-24 | 88.3 | 89.71 | 86.11 | 89.28 | 88.8339071 | 1162 |
| 15-Jan-24 | 90 | 90 | 86.16 | 89 | 88.9211803 | 2474 |
| 16-Jan-24 | 87.51 | 89.7 | 85.18 | 88.73 | 87.5053444 | 1684 |
| 17-Jan-24 | 86.7 | 89.99 | 85.5 | 89.45 | 89.1968854 | 899 |
| 18-Jan-24 | 89.5 | 89.6 | 86 | 88.22 | 88.3609524 | 2100 |
| 19-Jan-24 | 89.49 | 89.49 | 88 | 89.47 | 89.1207642 | 2774 |
| 20-Jan-24 | 89.47 | 91.5 | 87.01 | 90.75 | 90.0651641 | 2041 |
| 23-Jan-24 | 93 | 93 | 87.24 | 87.39 | 91.0691554 | 1634 |
| 24-Jan-24 | 88.9 | 92.35 | 87.2 | 88.46 | 88.2899716 | 2114 |
| 25-Jan-24 | 88 | 91.63 | 87.9 | 90.93 | 90.6301212 | 1733 |
| 29-Jan-24 | 93.9 | 93.9 | 85.05 | 89.18 | 88.9182034 | 5477 |
| 30-Jan-24 | 89.18 | 92.99 | 88.45 | 90.37 | 90.8648975 | 1658 |
| 31-Jan-24 | 89.5 | 93.44 | 88.52 | 92.6 | 92.2 | 2485 |
| 01-Feb-24 | 92 | 92 | 88.62 | 91.7 | 91.2756654 | 526 |
| 02-Feb-24 | 91.6 | 94.25 | 89 | 92.27 | 91.6964706 | 3400 |
| 05-Feb-24 | 94 | 101.2 | 94 | 94.84 | 96.502338 | 7485 |
| 06-Feb-24 | 92.2 | 98.6 | 92.2 | 94.83 | 94.3785758 | 1643 |
| 07-Feb-24 | 98.49 | 100 | 92.11 | 97.11 | 96.3275563 | 4039 |
| 08-Feb-24 | 99.53 | 99.7 | 94 | 95.42 | 96.9684015 | 1076 |
| 09-Feb-24 | 96.71 | 114.5 | 94 | 101.2 | 103.388675 | 22906 |
| 12-Feb-24 | 107.7 | 118.9 | 106.8 | 112 | 113.15313 | 20845 |
| 13-Feb-24 | 117.95 | 117.95 | 97.67 | 100.07 | 101.674026 | 9421 |
| 14-Feb-24 | 103.47 | 103.47 | 91.7 | 97.82 | 94.2119011 | 5781 |
| 15-Feb-24 | 101.79 | 102.9 | 98.01 | 99.31 | 100.947894 | 1401 |
| 16-Feb-24 | 98.3 | 103.95 | 91.9 | 96.93 | 95.5975155 | 805 |

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|-----------|--------|--------|--------|--------|------------|-------|
| 19-Feb-24 | 103.7 | 116.31 | 96.2 | 116.29 | 113.980043 | 37580 |
| 20-Feb-24 | 123 | 123 | 110.31 | 111.53 | 116.121399 | 12463 |
| 21-Feb-24 | 111.6 | 113.4 | 103.2 | 104.49 | 108.004569 | 9848 |
| 22-Feb-24 | 107 | 111.99 | 96.2 | 102.78 | 101.933987 | 7241 |
| 23-Feb-24 | 102.81 | 115 | 102.81 | 106.77 | 106.490814 | 2667 |
| 26-Feb-24 | 114 | 114 | 102.11 | 105.96 | 106.353946 | 2458 |
| 27-Feb-24 | 106 | 111 | 101.61 | 104.39 | 103.713311 | 4688 |
| 28-Feb-24 | 113.7 | 113.7 | 98.75 | 100.98 | 101.334364 | 3556 |
| 29-Feb-24 | 103.99 | 104.8 | 95.81 | 99.08 | 98.3462955 | 2443 |
| 01-Mar-24 | 101 | 101 | 99 | 100.5 | 100.12029 | 690 |
| 02-Mar-24 | 103.1 | 103.1 | 96.7 | 102.77 | 100.160173 | 231 |
| 04-Mar-24 | 103 | 106 | 101.7 | 102.23 | 103.659732 | 2836 |
| 05-Mar-24 | 101 | 109.5 | 99.6 | 105.41 | 106.96523 | 3480 |
| 06-Mar-24 | 104.5 | 104.5 | 97.6 | 98.58 | 101.129823 | 2488 |
| 07-Mar-24 | 104.95 | 104.95 | 97.7 | 101.18 | 101.96317 | 896 |
| 11-Mar-24 | 101 | 104 | 96.01 | 97.42 | 98.5174234 | 947 |
| 12-Mar-24 | 104 | 104 | 93.38 | 97.32 | 96.7605985 | 802 |
| 13-Mar-24 | 102.98 | 103 | 80.62 | 84.64 | 87.8258693 | 3796 |
| 14-Mar-24 | 84.64 | 98.79 | 82.95 | 95.6 | 92.6279838 | 2723 |
| 15-Mar-24 | 101.56 | 102 | 90.68 | 93.93 | 95.5126939 | 1418 |
| 18-Mar-24 | 93.5 | 97.45 | 93.25 | 93.3 | 94.0745192 | 416 |
| 19-Mar-24 | 92.3 | 97.89 | 91.05 | 97.6 | 94.472 | 375 |
| 20-Mar-24 | 96 | 98 | 93.5 | 97.84 | 96.8131455 | 1065 |
| 21-Mar-24 | 99.8 | 99.8 | 95.3 | 98.43 | 98.9411765 | 51 |
| 22-Mar-24 | 97.46 | 99.99 | 95.01 | 99.2 | 98.5028681 | 523 |
| 26-Mar-24 | 98.99 | 98.99 | 94 | 94.26 | 95.28223 | 1435 |
| 27-Mar-24 | 95 | 97.4 | 91.42 | 93.49 | 94.993994 | 1332 |
| 28-Mar-24 | 91.7 | 96.68 | 91.7 | 93.14 | 93.3653445 | 1437 |

❖ **Distribution of Shareholding as on March 31, 2024**

| Shareholding Nominal Value | Number of Shareholders | % to Total Numbers | Shareholding Amount | % to Total Amount |
|----------------------------|------------------------|--------------------|---------------------|-------------------|
| (Rs.) | | | (Rs.) | |
| 1 | 2 | 3 | 4 | 5 |
| Up To 5,000 | 1796 | 92.43 | 988140.00 | 0.67 |
| 5001 To 10,000 | 33 | 1.70 | 249880.00 | 0.17 |
| 10001 To 20,000 | 19 | 0.98 | 291920.00 | 0.20 |
| 20001 To 30,000 | 15 | 0.77 | 366840.00 | 0.25 |
| 30001 To 40,000 | 5 | 0.26 | 183230.00 | 0.12 |
| 40001 To 50,000 | 18 | 0.93 | 869650.00 | 0.59 |
| 50001 To 1,00,000 | 20 | 1.03 | 1405750.00 | 0.95 |

| | | | | |
|--------------------|-------------|---------------|---------------------|---------------|
| 1,00,000 and Above | 37 | 1.90 | 143029840.00 | 97.04 |
| Total | 1943 | 100.00 | 147385250.00 | 100.00 |

❖ Shareholding Pattern as on March 31, 2024

| Category | Number of Equity Shares held | % of Shareholding |
|-------------------------------|------------------------------|-------------------|
| Promoters and Promoters Group | 3672396 | 24.92 |
| Public | 11066129 | 75.08 |
| Total | 14738525 | 100 |

7. Other Disclosures

- ❖ Transactions with the related parties are disclosed in the Notes to accounts.
- ❖ The Company is registered with all four RBI Authorized CIC's Companies i.e. TransUnion CIBIL Limited (Formerly: Credit Information Bureau (India) Limited), Credit Information Bureau (India) Limited (CIBIL), Equifax Credit Information Services Private Limited (ECIS), Experian Credit Information Company of India Pvt. Ltd, CRIF High Mark Credit Information Services Pvt. Ltd.
- ❖ Disclosure of certain types of agreements binding listed entities pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to Company as there is only normal course of business and not effecting the Listed entity.
- ❖ 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 except that during the year, Company did not maintain SDD software having time stamping feature. However, Now Company has suitable SDD software that fulfills the regulatory requirements and in the compliance of provisions of Reg. 3(5) and/or Reg. 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015

- ❖ 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.
- ❖ Disclosures with respect to demat suspense account/unclaimed suspense account, if applicable is placed at the website of the Company i.e. www.sonalmercantile.in.
- ❖ 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 2023-24, no complaint was received/pending by the Company related to sexual harassment.

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. and also adopted the discretionary requirements pursuant to

SEBI (LODR) Regulations, 2015 as mentioned in the Annual report and at the website of the Company i.e. www.sonalmercantile.in.

The Policy on Related Party Transactions are available at the website of the Company i.e. www.sonalmercantile.in. and disclosures for related party transactions, promoter or promoter group, associate company, loans and advances, investments, if applicable is mentioned in the Financial statements of the Company.

- ❖ **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 have been complied with, 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**.
- ❖ **Certificate:** Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from Mr. Nitin Gupta, Practicing Company Secretary with regard to Non-disqualification of directors, forms part of this Report as **Annexure - D**.

Sonal Mercantile Limited

Date: September 02nd, 2024
Place: New Delhi

Vikram Goyal
Whole Time Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

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
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, 2024.

For Sonal Mercantile Limited

**Date: September 02nd, 2024
Place: New Delhi**

**Vikram Goyal
Whole Time Director
(DIN: 00381115)**

COMPLIANCE CERTIFICATE

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

DIRECTOR AND CFO CERTIFICATION TO THE BOARD

We, Vikram Goyal, Whole Time Director and Rohit Saraogi, Chief Financial Officer of *Sonal Mercantile Limited* be and is hereby certify that:

- A. We have reviewed Financial Statements and the Cash Flow Statement for the quarter and year ended **March 31, 2024** and that to the best of their knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the listed entity'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 listed entity during the quarter and year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, 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
- 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For Sonal Mercantile Limited

Date: September 02nd, 2024
Place: New Delhi

Rohit Saraogi
Chief Financial Officer

Vikram Goyal
Whole Time Director

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

**To,
The Members,
Sonal Mercantile Limited
365, Vardhman Plaza, III Floor ,
Sector- 3, Rohini,
New Delhi-110085**

1. I have reviewed the implementation of the Corporate Governance procedures by Sonal Mercantile Limited (the Company) during the year ended March 31st 2024, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15 (2) of the Listing Regulations for the period from April 01, 2023 to March 31, 2024, with the relevant records and documents maintained by the Company and furnished to me for my review, explanations given to me and report on Corporate Governance, as approved by the Board of Directors.
2. The Compliance of conditions of Corporate Governance is responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. I 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.
4. On the basis of my review and according to the best of my information and according to the explanations given to me, the Company has been complying with the conditions of Corporate Governance, as stipulated above mentioned Listing Regulations, as applicable.
5. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and it should not be used by any other person or for any other purpose. Accordingly, I do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without my prior consent in writing.

**Place: New Delhi
Date : 20-08-2024
UDIN: F012404F001005275**

**NITIN GUPTA
Membership No.: F12404
C P No.: 14087**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
SONAL MERCANTILE LIMITED
365, Vardhman Plaza, III Floor,
Sector-3, Rohini,
New Delhi-110085

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s Sonal Mercantile Limited having CIN: L51221DL1985PLC022433 and having registered office at 365, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Designation | Date of appointment in Company |
|---------|-----------------------|----------|--------------------|--------------------------------|
| 1 | Mr. Vikram Goyal | 00381115 | Wholetime Director | 23-11-2018 |
| 2 | Mr. Rajan Goyal | 02600825 | Director | 23-11-2018 |
| 3 | Mr. Deepak | 07878217 | Director | 26-03-2019 |
| 4 | Mrs. Rati Goswami | 08765348 | Director | 20-06-2020 |
| 5 | Mr. Pardeep Kumar | 08862414 | Director | 08-09-2020 |
| 6 | Mr. Munish Kumar Garg | 08866982 | Director | 08-09-2020 |

Disclaimer:

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi
Date: 20-08-2024
UDIN: F012404F001004967

NITIN GUPTA
Company Secretary in whole time practice
Membership No.: F12404
C. P. No.: 14087

INDEPENDENT AUDITOR'S REPORT

To the Members of **SONAL MERCANTILE LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Sonal Mercantile Limited** ("the Company"), which comprise the balance sheet as at 31st March 2024, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, **the profit** and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described hereunder to be key audit matters to be communicated in our report.

| S. No. | Key Audit Matters | Auditor's Response |
|--------|--|--|
| 1 | <p><u>Compliance of RBI directions and circulars: -</u></p> <p>The recent RBI regulations increased the responsibility of auditors of NBFCs.</p> <p>As Company is an NBFC, it is responsibility of Company to duly follow the directions and circulars.</p> <p>We focused on the requisite compliance and disclosure as per the requirements in the norms.</p> | <p><u>Our audit procedure inter-alia includes the following: -</u></p> <p>We have reviewed the conditions for prudential norms prescribed by the RBI including: -</p> <ul style="list-style-type: none"> • Hold impairment allowance as required by IND AS with due to consideration of existing prudential norms on IRACP on loan advanced. • Transfer of 20% profit to reserve maintain under section 45-IC of the RBI Act. • Holding of at least 50% of the financial assets and 50% of the financial income respectively. • Maintaining minimum Net Owned Funds of Rs. 200 Lakhs. |
| 2 | <p><u>Loans and Advances: -</u></p> <p>Loans are to be disclosed at amortized Cost using effective interest method prescribed under IND AS 109 on 'Financial Instruments'.</p> <p>We focused on the conditions of disbursement and appropriateness of sanctioning process of the loan granted by the Company.</p> | <p><u>Our audit procedure inter-alia includes the following: -</u></p> <ul style="list-style-type: none"> • We evaluated the control environment including authorization, sectioning and disbursement of significant loans advanced during the year. • We evaluated the control environment of levying the processing fees on significant loans advanced by the company and its treatment in books of accounts in accordance with IND AS 109. • We have obtained external confirmations from third parties in respect of transactions and closing balance for significant loans advanced by the company. • We tested all material entries recorded in connection with the loan advance and interest thereon to determine whether the accounting was appropriate. |

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. We conclude that there is no material uncertainty, thereby we are not required to draw attention in our auditor's report to the related disclosures in the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the '**Annexure A**' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 (including other comprehensive income), statement of change in equity 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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the 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 the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to documents provided to us, the remuneration paid to the Managing Director of the Company is in accordance with the provisions of Section 197 along with Schedule V of Companies Act, 2013.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) (1) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(2) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, that Company had recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
(3) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances; nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
 - v) The Company has not declared or paid any dividend during the year.

- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 for the financial year ended March 31,2024 is as follows:
- Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
 - As provision to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1,2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For Ajay Rattan & Co.
Chartered Accountants
Firm Registration No.012063N

CA. Varun Garg
Partner
Membership No. 523588
UDIN: 24523588BKG YWV4896

Place: New Delhi
Dated: 30/05/2024

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Standalone Ind AS Financial Statements of the Company for the year ended March 31, 2024:

We report that:

1) Property Plant and Equipment and Intangible Assets

- a) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.
- b) The company does not have any intangible assets.
- c) These Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancy were found during the inspection.
- d) According to the information and explanations given to us, the company has no immovable property as on balance sheet date.
- e) The company has not revalued its Property, Plant and Equipment during the year.
- f) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2) Inventories

- a) The company does not have any inventory and hence reporting under clause (ii) paragraph 3 of the order is not applicable.

3) Investments, Guarantee/Security, Loan and Advance

- a) The principal business of the company is to give loans, thus clause (iii)(a) to Paragraph 3 is not applicable to the company.
- b) The investments made and loans and advances granted are not prejudicial to the interest of the company.
- c) In respect of loans and advances in the nature of loans given by the company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are generally regular;
- d) The company does not have any amount overdue for more than ninety days. Accordingly, the provisions of clause 3(iii)(d) of the Order are not applicable to the Company and hence not commented upon.
- e) The principal business of the company is to give loans; thus clause(iii)(e) is not applicable to the company.
- f) In our opinion and according to the information and explanation given to us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment to the promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013.

4) Compliance of Provisions of Section 185 and 186.

In our opinion and according to the information and explanation given to us, the company has not given loans, investments, guarantees, and securities covered under section 185 and 186 of the Companies Act, 2013.

5) Public Deposits

In our opinion and according to the information and explanation given to us, the company has not accepted public deposits and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under are not applicable to the company. No order has been passed by the Company Law Board or National Company Law Tribunal or RBI or any court or any other tribunal.

6) Cost Records

According to the information and explanation given to us, the government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for the services of the company.

7) Statutory Dues

- a) In our opinion the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at 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 the information and explanation given to us, there are no disputed amounts payable in respect of income tax as on Mar 31, 2024 for a period of more than six months from the date they became payable.

8) Unrecorded Income

Based upon the audit procedures performed and the information and the explanations given by the management, there are no transactions not recorded in the books of accounts which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

9) Repayment Of Dues

Based upon the audit procedures performed and according to information and explanations given to us:

- a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year of audit;
- b) The company has not been declared a wilful defaulter by any bank or financial institution or other lender;
- c) The Company does not have any term loan;
- d) The Company has not raised funds on short term basis, thus reporting under this clause in not required and not commented upon;
- e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates, or joint ventures.

- f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary company. The company does not hold any securities in any associates or joint venture.

10) Application Of Money Raised by Public Issue and Preferential Allotment

- a) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company and hence not commented upon.
- b) The Company has not made any preferential allotment or private placement of shares or convertible debentures during the year.

11) Fraud

Based upon the audit procedures performed and the information and explanations given by the management:

- a) No fraud on or by the company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) No whistle-blower complaints have been received during the year by the company.

12) Nidhi Company

In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

13) Transaction With Related Parties

In our opinion, all the transactions with related parties are in accordance with section 177 and 188 of the Companies Act, 2013. Details have been properly disclosed in Ind AS financial statements as required by applicable accounting standards.

14) Internal Audit System

- a) The company has an internal audit system commensurate with the size and nature of its business.
- b) The reports of the Internal Auditors for the period under audit were considered by the statutory auditor.

15) Non-Cash Transaction with Director

Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.

16) Registration With RBI

- a) According to the information and explanations given to us, the company is a Non-Banking Financial Company and registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b) According to information and explanations given to us, the company has conducted Non-Banking Financial activities with a valid certificate as per the Reserve Bank of India Act, 1934;

- c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India;
- d) The Group does not have any CIC as part of the Group.

17) Cash Losses

The company has not incurred cash loss in the Current and in the immediately preceding financial year.

18) Considerations Of Issues Raised by Outgoing Auditor

There has been no resignation of the statutory auditor. Accordingly, clause (xviii) of Para 3 of the order is not applicable.

19) Existence Of Material Uncertainty as To Company Ability to Meet Its Liabilities

As per our opinion, on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements, the auditor's knowledge of the Board of Directors and management plans, there is no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date

20) Transfer Of Unspent CSR Amount

- a) The Company does not have any project "other than the ongoing project".
- b) The amount remaining unspent u/s 135(5) of the Companies Act, pursuant to an ongoing project has been transferred to a special account in compliance with the provisions of the Sec 135(6) of the said act.

21) Qualifications Or Adverse Remarks in Caro Reports of Group Companies

This clause shall be dealt with in the consolidated auditor's report.

**For Ajay Rattan & Co.
Chartered Accountants
Firm Registration No.012063N**

**CA. Varun Garg
Partner
Membership No. 523588
UDIIN: 24523588BKGWV4896**

**Place: New Delhi
Dated: 30/05/2024**

Annexure - B to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Sonal Mercantile Limited** ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for 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 control stated in the Guidance Note on Audit of Internal Financial Controls 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 frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' 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 Institute of Chartered Accountants of India. 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 respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence 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 controls 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 that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company, and;
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control 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 respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2024, based on the internal control over financial reporting criteria established by the Company 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 Ajay Rattan & Co.
Chartered Accountants
Firm Registration No.012063N**

**CA. Varun Garg
Partner
Membership No. 523588
UDIN: 24523588BKGWV4896**

**Place: New Delhi
Dated: 30/05/2024**

Chapter- II

Auditors to submit additional Report to the Board of Directors

In addition to the above auditor report under Section 143 of the Companies Act, 2013 on the accounts of a non-banking financial company examined for every financial year ending on any day on or after the commencement of these Directions, the auditor shall also make a separate report to the Board of Directors of the Company on the matters specified in paragraphs 3 and 4 below.

Reporting In the case of a non-banking financial company not accepting public deposits.

- (i) The Board of Directors has passed a resolution for non- acceptance of any public deposits;
- (ii) The company has not accepted any public deposits during the financial year ended March 2024.
- (iii) The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- (iv) In respect of Systemically Important Non-deposit taking NBFCs as defined in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016:
- As the company is registered as Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company – The relevant reporting is not applicable.
- (v) Whether non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI) as defined in the Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.- Reporting under this point is not relevant as company is registered as Loan Company and Not as Micro Finance Company.

For Ajay Rattan & Co.
Chartered Accountants
Firm Registration No.012063N

CA. Varun Garg
Partner
Membership No. 523588
UDIN: 24523588BKGWV4896

Place: New Delhi
Dated: 30/05/2024

SONAL MERCANTILE LIMITED
CIN: L51221DL1985PLC022433
STANDALONE BALANCE SHEET AS AT 31 MARCH 2024

(₹ in '000)

| Particulars | Notes | As at 31 Mar 24 | As at 31 Mar 23 |
|---|-------|---------------------|---------------------|
| ASSETS | | | |
| Financial assets | | | |
| (a) Cash and cash equivalents | 5 | 1,329.38 | 1,058.34 |
| (b) Bank Balance over and above (a) | | - | - |
| (b) Trade Receivables | 6 | 0.05 | - |
| (c) Loans | 7 | 3,533,241.68 | 3,539,254.08 |
| (d) Investments | 8 | 67,277.88 | 63,351.41 |
| (e) Other financial assets | 9 | 45.00 | 45.00 |
| | | 3,601,893.99 | 3,603,708.83 |
| Non-financial assets | | | |
| (a) Current tax assets (net) | 10 | 360.55 | 373.17 |
| (b) Deferred tax Assets (net) | 11 | 186.02 | 135.54 |
| (c) Property, plant & equipment | 12 | 1,235.51 | 1,761.48 |
| (d) Other non-financial assets | 13 | 13,563.31 | 13,535.18 |
| | | 15,345.39 | 15,805.37 |
| Total Assets | | 3,617,239.38 | 3,619,514.20 |
| LIABILITIES AND EQUITY | | | |
| Financial liabilities | | | |
| (a) Borrowings (other than debt securities) | 14 | 2,906,184.59 | 3,035,958.65 |
| (b) Other financial liabilities | 15 | 4,988.74 | 6,137.97 |
| | | 2,911,173.33 | 3,042,096.62 |
| Non-financial liabilities | | | |
| (a) Other non financial liabilities | 16 | 156,345.55 | 144,764.63 |
| | | 156,345.55 | 144,764.63 |
| EQUITY | | | |
| (a) Equity share capital | 17 | 147,385.25 | 147,385.25 |
| (b) Other equity | 18 | 402,335.25 | 285,267.70 |
| | | 549,720.50 | 432,652.95 |
| Total Liabilities and Equity | | 3,617,239.38 | 3,619,514.20 |

Summary of material accounting policies and accompanying notes form an integral part of these financial statements.

1-39

This is the balance sheet referred to in our report of even date.

FOR AJAY RATTAN & CO.
Chartered Accountants
Firm Registration No. 012063N

For and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED

CA. VARUN GARG
Partner
Membership No. 523588
UDIN: 24523588BKGWV4896

VIKRAM GOYAL
Whole Time Director
DIN: 00381115

RAJAN GOYAL
Director
DIN: 02600825

Date: 30 May 2024
Place: New Delhi

ROHIT SARAOGI
CFO
PAN: BVCPS4684L

AKSHAY KHARE
Company Secretary
PAN : FMRPK3637K

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31 MARCH 2024**(₹ in '000)**

| Particulars | Notes | For the year ended 31 Mar 24 | For the year ended 31 Mar 23 |
|---|-------|---------------------------------|---------------------------------|
| REVENUE | | | |
| Revenue from operations | 19 | 393,161.13 | 263,881.44 |
| (I) Total revenue from operations | | 393,161.13 | 263,881.44 |
| (II) Other income | 20 | 1,426.19 | 791.80 |
| (III) Total Income (I+II) | | 394,587.32 | 264,673.24 |
| EXPENSES | | | |
| (i) Finance costs | 21 | 232,941.51 | 150,326.57 |
| (ii) Impairment of Financial instrument | 22 | (652.36) | 4,162.57 |
| (iii) Employee benefit expenses | 23 | 2,665.11 | 2,506.57 |
| (iv) Depreciation, amortisation & impairment | 12 | 550.47 | 405.93 |
| (v) Other expenses | 24 | 2,642.09 | 2,109.25 |
| (IV) Total Expenses | | 238,146.82 | 159,510.89 |
| (V) Profit before tax (III-IV) | | 156,440.50 | 105,162.35 |
| (VI) Tax Expense | 25 | | |
| Current tax | | (39,423.43) | (26,676.72) |
| Deferred tax | | 50.48 | 0.01 |
| (VII) Profit/ (loss) after tax (V-VI) | | 117,067.55 | 78,485.64 |
| Total Other Comprehensive Income (VIII) | | - | - |
| Total Comprehensive Income (VII+VIII) | | 117,067.55 | 78,485.64 |
| Earning per equity share (EPS) | 26 | | |
| Basic (Amount in ₹) | | 7.94 | 5.33 |
| Diluted (Amount in ₹) | | 7.94 | 5.33 |

Summary of material accounting policies and accompanying notes form an integral part of these financial statements.

1-39

This is the balance sheet referred to in our report of even date.

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SONAL MERCANTILE LIMITED

CIN : L51221DL1985PLC022433

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 MARCH 2024

| Particulars | (₹ in '000) | |
|---|--------------------|--------------------|
| | As at 31 Mar 24 | As at 31 Mar 23 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and after extra- ordinary | 156,440.50 | 105,162.37 |
| Adjustments for : - | | |
| Depreciation | 550.47 | 405.93 |
| Gain on sale of investments | (1,426.19) | (791.80) |
| Operating Profit before working capital changes | 155,564.79 | 104,776.50 |
| <u>Working capital adjustments: -</u> | | |
| (Increase)/ decrease in trade receivable | (0.05) | - |
| (Increase)/ decrease in loans | 6,012.40 | (1,525,347.61) |
| (Increase)/ decrease in other financial assets | - | - |
| (Increase)/ decrease in Current Tax Asset | 12.63 | - |
| Increase/ (decrease) in short term borrowing | (129,774.08) | 1,449,844.75 |
| (Increase)/ decrease in other non financial assets | (28.13) | 314.90 |
| Increase/ (decrease) in other financial liabilities | (1,149.23) | (4,994.72) |
| Increase/ (decrease) in other non-financial liabilities | 11,580.92 | (10,638.61) |
| Cash generated from operations | 42,219.26 | 13,955.20 |
| Direct Taxes Paid | 39,423.43 | 26,680.84 |
| Net cash flow from operating activities (A) | 2,795.82 | (12,725.64) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale/ purchase of property, plant & equipment | (24.50) | (2,163.91) |
| Sale/ (Purchase) of investments | (2,500.28) | 15,720.00 |
| Net cash flow from investing activities (B) | (2,524.78) | 13,556.09 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Net proceeds from borrowings | - | - |
| Interest on borrowings | - | - |
| Net cash flow from financing activities (B) | - | - |
| Net cash flow during the year (A + B + C) | 271.04 | 830.45 |
| Add: Opening cash and cash equivalents | 1,058.34 | 227.89 |
| Closing cash and cash equivalents | 1,329.38 | 1,058.34 |
| Components of cash and cash equivalents | | |
| Cash on hand | 7.01 | 220.32 |
| <u>Balances with banks: -</u> | | |
| In current accounts | 1,322.37 | 838.02 |
| In fixed deposits | - | - |
| Toal cash and cash equivalents | 1,329.38 | 1,058.34 |

Notes:-

- i) The above statement of cash flow has been prepared under the 'Indirect Method' as set out in IndAS 7 - 'Statement of Cash Flows'.
- ii) Direct taxes paid is treated as arising from operating activities and is not bifurcated between investing and financing activities.
- iii) Since the Company is a loan company, purchase and sale of investments have been considered as part of "Cash flow from investing activities" and interest earned on loans have been considered as part of "Cash flow from operating activities".

FOR AJAY RATTAN & CO.
Chartered Accountants
Firm Registration No. 012063N

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

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Partner
Membership No. 523588
UDIN: 24523588BKGWV4896

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DIN: 00381115

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Date: 30 May 2024
Place: New Delhi

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PAN: BVCP54684L

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Company Secretary
PAN : FMRPK3637K

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31 MARCH 2024

Equity Share Capital (₹ in '000)
I. For the year ended 31st March 2024

| Balance at the 1st April 2023 | Change in equity share capital due to prior period errors | Restated balance at the 01st April 2023 | Changes in equity share capital during the year | Balance at the 31st March 2024 |
|-------------------------------|---|---|---|--------------------------------|
| 147,385.25 | - | - | - | 147,385.25 |

II. For the year ended 31st March 2023 (₹ in '000)

| Balance at the 1st April 2022 | Change in equity share capital due to prior period errors | Restated balance at the 01st April 2022 | Changes in equity share capital during the year | Balance at the 31st March 2023 |
|-------------------------------|---|---|---|--------------------------------|
| 147,385.25 | - | - | - | 147,385.25 |

Other Equity (₹ in '000)
I. For the year ended 31st March 2024

| Particulars | Reserve & Surplus | | | Total |
|--|--|-------------------|---------------|------------|
| | Statutory Reserve (U/s 45-IC of the RBI Act, 1934) | Retained earnings | Share Premium | |
| Balances as at 1st April 2023 | 43,020.79 | 169,717.16 | 72,529.75 | 285,267.70 |
| Changes in accounting policy or prior period error | - | - | - | - |
| Restated balance as at 1st April 2023 | 43,020.79 | 169,717.16 | 72,529.75 | 285,267.70 |
| Total comprehensive income | - | 117,067.55 | - | 117,067.55 |
| Appropriation to statutory reserves | 23,413.51 | (23,413.51) | - | - |
| Balance as at 31st March 2024 | 66,434.30 | 263,371.20 | 72,529.75 | 402,335.25 |

II. For the year ended 31st March 2023 (₹ in '000)

| Particulars | Reserve & Surplus | | | Total |
|--|--|-------------------|---------------|------------|
| | Statutory Reserve (U/s 45-IC of the RBI Act, 1934) | Retained earnings | Share Premium | |
| Balances as at 1st April 2022 | 27,323.66 | 106,928.65 | 72,529.75 | 206,782.06 |
| Changes in accounting policy or prior period error | - | - | - | - |
| Restated balance as at 1st April 2022 | 27,323.66 | 106,928.65 | 72,529.75 | 206,782.06 |
| Total comprehensive income | - | 78,485.64 | - | 78,485.64 |
| Appropriation to statutory reserves | 15,697.13 | (15,697.13) | - | - |
| Balance as at 31st March 2023 | 43,020.79 | 169,717.16 | 72,529.75 | 285,267.70 |

Summary of material accounting policies and accompanying notes form an integral part of these financial statements.

1-39

This is the balance sheet referred to in our report of even date.

FOR AJAY RATTAN & CO.
Chartered Accountants
Firm Registration No. 012063N

**For and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED**

CA. VARUN GARG
Partner
Membership No. 523588
UDIN: 24523588BKGWV4896

VIKRAM GOYAL
Whole Time Director
DIN: 00381115

RAJAN GOYAL
Director
DIN: 02600825

Date: 30 May 2024
Place: New Delhi

ROHIT SARAOGI
CFO
PAN: BVCPS4684L

AKSHAY KHARE
Company Secretary
PAN : FMRPK3637K

1 Corporate Information

NOTE 1

Sonal Mercantile Limited is a public company domiciled in India and registered under the provisions of Section 45-IA of The Reserve Bank of India Act, 1934. The company's primary business is to provide short term/ long term finance.

2 Basis of Preparation of Standalone Financial Statements

NOTE 2

2.1 Statement of Compliances

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis for preparation of standalone financial statements:

The standalone financial statements have been prepared under the historical cost basis which is generally based on the fair value of consideration given in exchange and services. However certain financial assets and liabilities are measured at fair value in compliances with IND-AS.

2.3 Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the Ind AS financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Figures have been rounded off to the nearest thousands of rupees.

2.4 New Standards/ Amendments and Other Changes adopted Effective 1 April 2023 or thereafter

(i) Ind AS 1 Presentation to Financial Statement: The Company has adopted the amendments wherein the Company was required to disclose the material accounting policies in the Standalone Financial Statements instead of the significant accounting policies. Accordingly, the Company is disclosing material accounting policies as **Note 3**.

There is no material change in the accounting policies adopted by the Company during the financial year 2023-24.

(ii) Ind AS 8- Accounting policies, change in Accounting Estimates and Errors.

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Company has adopted the amendment and there is no material impact on its Standalone Financial Statements.

(iii) Ind AS 12- Income Tax

The Company has adopted the amendments and there is no material impact on its Standalone Financial Statements

2.5 Functional and presentation currency

These Standalone Financial Statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Thousands (up to two decimals), except as stated otherwise.

2.6 Critical accounting estimates:

2.6.1 Income Taxes:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

2.6.2 Impairment of Investments:

The carrying value of investments is reviewed at cost annually, or more frequently whenever, there is indication for impairment. If the recoverable amount is less than the carrying amount, the impairment loss is accounted for.

2.6.3 Provisions:

Provisions are recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

2.6.4 Effective Interest Rate (EIR) Method:

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, restructuring and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments and other fee income/expense that are integral parts of the instrument.

3 Material Accounting Policies:

A summary of the material accounting policies applied in the preparation of the Standalone Financial Statements are as given below. These accounting policies have been applied consistently to all periods presented in the Standalone Financial Statements.

3.(a) Property plant and equipment (PPE)

1.1. Initial recognition and measurement

Property, plant and equipments (“PPE”) are measured at cost less accumulated depreciation/amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset, inclusive of non-refundable taxes & duties, to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipments have different useful lives, they are recognized separately.

Spare parts are capitalized when they meet the definition of PPE, i.e. when the Company intends to use these for a period exceeding 12 months.

On transition to IND AS, the Company has elected to continue with the carrying value of all of its PPE recognized, measured as per the previous GAAP and use that carrying value as the deemed cost of the PPE.

1.2. Depreciation

Depreciation on Property, Plant and Equipment, including assets taken on lease, other than freehold land is charged based on Written down method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

In circumstance, where a PPE is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

The useful life of asset taken into consideration as per Schedule II for the purpose of calculating depreciation is as follows: -

| Particulars of Property, Plant & Equipment | Useful life (in years) |
|---|-------------------------------|
| Furniture | 10 |
| Motor Vehicle | 8 |
| Office Equipment | 5 |
| Computer | 3 |

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment are determined as a difference between the sale proceeds and the carrying amount of the asset and is recognized in the profit and loss. At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

3.(b) Revenue recognition:

With Effective 1st April, 2018, the Company has applied Ind AS 115 – Revenue from Contracts with Customers Pursuant to adoption of Ind AS 115, Revenue from contracts with customers are recognized when the control over the goods or services promised in the contract are transferred to the customer. The amount of revenue recognized depicts the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Company is entitled to in exchange for the goods or services.

b.1 Interest Income: The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost. EIR is calculated by considering all costs and other incomes attributable to acquisition of a financial assets.

b.2 Dividend: Dividend income from investments is recognised when the shareholders' right to receive payment has been established which is generally when the shareholders approve the dividend.

b.3 Other revenue from operations: The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 ‘Financial Instruments’ is applicable) based on a comprehensive assessment model as set out in Ind AS 115 ‘Revenue from contracts with customers’. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

3.(c) Financial Instruments:

c.1 Financial Assets:-

Recognition and initial measurement: -

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction cost.

Subsequent measurement: -

Equity instrument and Mutual Fund: - All equity Instrument and mutual funds within scope of Ind-AS 109 are measured at fair value. Equity instrument and Mutual fund which are held for trading are classified as at fair value through profit & loss (FVTPL). For all other equity instruments, the Company decided to classify them as at fair value through other comprehensive income (FVTOCI).

Debt instrument: - A 'debt instrument' is measured at the amortised cost if both the following conditions are met. The assets are held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

De- Recognition of financial Assets: -

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or Company has transferred its right to receive cash flow from the asset.

Impairment of financial assets: -

The Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

c.2 Financial Liabilities : -

Recognition and initial measurement: -

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. Financial liabilities are classified at amortised cost.

Subsequent measurement: -

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

De-recognition of financial liabilities

Financial liabilities are derecognized when the obligation under the liabilities are discharged or cancelled or expires. Consequently, write back of unsettled credit balances is done on closure of the concerned project or earlier based on the previous experience of Management and actual facts of each case and recognized in other Operating Revenues.

Further when an existing Financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

c.3 Off setting of financial instrument: -

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on net basis, to realize the assets and settle the liabilities simultaneously.

c.4 Impairment of Financial Assets: -

Equity instruments, Debt Instruments and Mutual Fund: - In accordance with Ind-AS 109, the Company applies Expected Credit Loss model for measurement and recognition of impairment loss for financial assets. Expected Credit Loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

Other Financial Assets: - The Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

c.5 Expected Credit Loss (ECL):-

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance on Loans with significant financing component is measured at an amount equal to 12-month ECL. For all other financial assets, expected credit losses are measured at an amount equal to the lifetime 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considers current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recorded is recognized as an impairment gain or loss in condensed consolidated statement of comprehensive income.

3.(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and on hand and short- term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if they are considered an integral part of the Company's cash management.

3.(e) Taxation

e.1 Current Income tax: Provision for current tax is made as per the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to applicable tax regulations which are subject to interpretation and establishes provisions where appropriate.

e.2 Deferred Tax: Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

3.(f) Employee benefits

Short Term Benefits: Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under performance related pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.(g) Statement of cash Flows: Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS-7 'Statement of cash flows.'

3.(h) Earning per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period and also after the Balance Sheet date but before the date the Ind AS financial statements are approved by the Board of Directors.

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

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

3.(i) Provision, contingent liabilities and contingent assets

Provision: A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Contingent Liability: Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

NOTE 4

4 Major Estimates and Judgments made in preparing Standalone Financial Statements

The preparation of the Company's Standalone Financial Statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. These include recognition and measurement of financial instruments, estimates of useful lives and residual value of Property, Plant and Equipment and Intangible Assets, valuation of inventories, measurement of recoverable amounts of cash-generating units, measurement of employee benefits, actuarial assumptions, provisions etc.

Uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

4.1 JUDGEMENTS

In the process of applying the company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the Standalone Financial Statements:

Materiality

Ind AS requires assessment of materiality by the Company for accounting and disclosure of various transactions in the Standalone Financial Statements. Accordingly, the Company assesses materiality limits for various items for accounting and disclosures and follows on a consistent basis. Overall materiality is also assessed based on various financial parameters such as Gross Block of assets, Net Block of Assets, Total Assets, Revenue and Profit Before Tax. The materiality limits are reviewed and approved by the Board.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter. In the similar line, management also on the basis of best judgment and estimate determines the net realizable value of the Inventories to make necessary provision.

4.2 MAJOR ESTIMATES

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Useful life of property, plant and equipment and intangible assets

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets other than Plant and machinery are in accordance with Schedule II of the Companies Act, 2013.

The Company reviews at the end of each reporting date the useful life of property, plant and equipment, and are adjusted prospectively, if appropriate.

Income Taxes

The Company uses estimates and judgements based on the relevant facts, circumstances, present and past experience, rulings, and new pronouncements while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(₹ in '000)

| Particulars | As at 31 Mar 24 | As at 31 Mar 23 |
|---|---------------------|---------------------|
| 7 Loans | Note 7 | |
| In India (at amortized cost) | | |
| (A) | | |
| (i) Loans repayable on demand | - | - |
| (ii) Term loan | 3,542,197.63 | 3,548,862.39 |
| Total (A)- Gross | 3,542,197.63 | 3,548,862.39 |
| Less: Impairment loss allowance | (8,955.95) | (9,608.31) |
| Total (A)-Net | 3,533,241.68 | 3,539,254.08 |
| (B) | | |
| (i) Secured by tangible assets | - | - |
| (ii) Secured by intangible assets | - | - |
| (iii) Covered by Bank/ Govt. guarantee | - | - |
| (iv) Unsecured | 3,542,197.63 | 3,548,862.39 |
| Total (B)- Gross | 3,542,197.63 | 3,548,862.39 |
| Less: Impairment loss allowance | (8,955.95) | (9,608.31) |
| Total (B)-Net | 3,533,241.68 | 3,539,254.08 |
| (C) | | |
| (I) Loans in India | | |
| (ii) Public sector | - | - |
| (iii) Others | 3,542,197.63 | 3,548,862.39 |
| Total (C)- Gross | 3,542,197.63 | 3,548,862.39 |
| Less: Impairment loss allowance | (8,955.95) | (9,608.31) |
| Total (C) (I) - Net | 3,533,241.68 | 3,539,254.08 |
| (II) Loans outside India | | |
| Less: Impairment loss allowance | - | - |
| Total (C) (II) - Net | - | - |
| Total Net (C) (III) | 3,533,241.68 | 3,539,254.08 |
| | Note 8 | |
| 8 Investments | | |
| Equity Instruments | | |
| <u>Investment in Quoted Shares</u> | | |
| Shares- PC Jewellers Limited | 3,926.47 | - |
| Shares -Aplaya Creations Limited | 0.00 | - |
| Total | 3,926.47 | - |
| Other Investments | | |
| <u>Investment in India (at cost) Un-Quoted Shares</u> | | |
| 25,000 Equity Shares of M/s Rudraveerya Developers Limited FV Rs 10/- each | 250.00 | 250.00 |
| In Agricultural land (at Cost): - | 63,101.31 | 63,101.31 |
| Opening Balance | 63,101.31 | 78,029.51 |
| Add: Additions during the year | - | - |
| Less: Sales during the year | - | (14,928.20) |
| Closing Balance | 63,101.31 | 63,101.31 |
| <u>Stamp Paper</u> | 0.10 | 0.10 |
| Total | 67,277.88 | 63,351.41 |
| | Note 9 | |
| 9 Other financial assets | | |
| Security deposits | 45.00 | 45.00 |
| Total | 45.00 | 45.00 |

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(₹ in '000)

| Particulars | As at 31 Mar 24 | As at 31 Mar 23 |
|--|--------------------|--------------------|
| | Note 10 | |
| 10 Current tax assets | | |
| Balance with revenue authorities | 39,783.98 | 373.174 |
| Provision for Income Tax | (39,423.43) | - |
| Total | 360.55 | 373.17 |
| | Note 11 | |
| 11 Deferred tax assets (net) | | |
| At start of the year | 135.54 | 135.53 |
| Credit/ (charge) to statement of profit and loss | 50.48 | 0.01 |
| At end of the year | 186.02 | 135.54 |

11.1 Deferred tax asset is recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

11.2 The tax effect of significant timing differences that has resulted in deferred tax assets are given below: -

| Timing difference on account of : | For the year ended on 31 March 2024 | | | |
|-----------------------------------|-------------------------------------|--|--|-----------------|
| | Opening balance | Recognised/ reversed through profit and loss | Recognised/ reversed through other comprehensive income | Closing balance |
| Property, plant & equipment | 135.54 | 50.48 | - | 186.02 |
| Total | 135.54 | 50.48 | - | 186.02 |

| Timing difference on account of : | For the year ended on 31 March 2023 | | | |
|-----------------------------------|-------------------------------------|--|--|-----------------|
| | Opening balance | Recognised/ reversed through profit and loss | Recognised/ reversed through other comprehensive income | Closing balance |
| Property, plant & equipment | 135.53 | 0.01 | - | 135.54 |
| Total | 135.53 | 0.01 | - | 135.54 |

12 Property, plant & equipment

Carrying amount: -

| | Note 12 | |
|----------------------|-----------------|-----------------|
| Office equipment | 0.31 | 0.56 |
| Furniture & fixtures | 0.70 | 0.70 |
| Computers | 25.22 | 1.78 |
| Motor Car | 1,209.28 | 1,758.44 |
| Total | 1,235.51 | 1,761.48 |

| Assets | Motor Car | Office equipment | Furniture & fixtures | Computers | Total |
|---|-----------------|------------------|----------------------|--------------|-----------------|
| Cost or Deemed Cost: - | | | | | |
| Balance as at 31 March 2022 | - | 5.29 | 14.00 | 35.60 | 54.89 |
| Additions during the year | 2,163.91 | - | - | - | 2,163.91 |
| Asset disposed/ written off during the year | - | - | - | - | - |
| Balance as at 31 March 2023 | 2,163.91 | 5.29 | 14.00 | 35.60 | 2,218.80 |
| Additions during the year | - | - | - | 24.50 | 24.50 |
| Asset disposed/ written off during the year | - | - | - | - | - |
| Balance as at 31 March 2024 | 2,163.91 | 5.29 | 14.00 | 60.10 | 2,243.30 |
| Accumulated depreciation: - | | | | | |
| Balance as at 31 March 2022 | - | 4.27 | 13.30 | 33.82 | 51.39 |
| Charge for the year | 405.47 | 0.46 | - | - | 405.93 |
| Asset disposed/ written off during the year | - | - | - | - | - |
| Balance as at 31 March 2023 | 405.47 | 4.73 | 13.30 | 33.82 | 457.32 |
| Charge for the year | 549.16 | 0.25 | - | 1.06 | 550.47 |
| Asset disposed/ written off during the year | - | - | - | - | - |
| Balance as at 31 March 2024 | 954.63 | 4.98 | 13.30 | 34.88 | 1,007.79 |
| Carrying amount: - | | | | | |
| Balance as at 31 March 2023 | 1,758.44 | 0.56 | 0.70 | 1.78 | 1,761.48 |
| Balance as at 31 March 2024 | 1,209.28 | 0.31 | 0.70 | 25.22 | 1,235.51 |

SONAL MERCANTILE LIMITED

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(₹ in '000)

| Particulars | As at 31 Mar 24 | As at 31 Mar 23 | | |
|---|----------------------------|---------------------|----------------------------|-------------------|
| 12.1 All the above property, plant & equipment are owned by the company unless specified otherwise. | | | | |
| 12.2 The company has not made any of change (10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) in the value of Property, Plant & Equipments due to revaluation. | | | | |
| | Note 13 | | | |
| 13 Other non-financial assets | | | | |
| Advances for purchase of properties | 13,535.18 | 13,535.18 | | |
| Prepaid Insurance | 11.26 | - | | |
| Prepaid Expenses | 16.87 | - | | |
| Total | 13,563.31 | 13,535.18 | | |
| | Note 14 | | | |
| 14 Borrowings (other than debt securities) | | | | |
| Loans from related parties* | 728,587.81 | 913,490.14 | | |
| Loan from others | 2,177,596.78 | 2,122,468.51 | | |
| Total | 2,906,184.59 | 3,035,958.65 | | |
| * For related party disclosure, refer note 27 | | | | |
| Loan from others are the inter corporate loans repayable on demand or in installments as specified. | | | | |
| | Note 15 | | | |
| 15 Other financial liabilities | | | | |
| Advance against sale of investments | 4,800.00 | 4,800.00 | | |
| Salary Payable | 176.24 | 657.06 | | |
| Rent Payable | 12.50 | - | | |
| Payable against expenses | - | 680.91 | | |
| Total | 4,988.74 | 6,137.97 | | |
| | Note 16 | | | |
| 16 Other non financial liabilities | | | | |
| Advance against joint development agreement | 121,000.00 | 121,000.00 | | |
| Payable to government authorities | 35,263.09 | 23,764.63 | | |
| Payable against expenses | 82.46 | - | | |
| Total | 156,345.55 | 144,764.63 | | |
| | Note 17 | | | |
| 17 Equity share capital | | | | |
| | As at 31 March 2024 | | As at 31 March 2023 | |
| | Nos. | (₹ In '000s) | Nos. | (₹ In '000s) |
| Authorized shares | | | | |
| Equity shares of ₹ 10 each with voting rights | 15,000,000 | 1,500.00 | 15,000,000 | 150,000.00 |
| Total | 15,000,000 | 1,500.00 | 15,001,500 | 150,000.00 |
| Issued, subscribed and fully paid- up shares | | | | |
| Equity shares of ₹ 10 each with voting rights fully paid | 14,738,525 | 147,385.25 | 14,738,525 | 147,385.25 |
| Total | 14,738,525 | 147,385.25 | 14,738,525 | 147,385.25 |

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**(₹ in '000)**

| Particulars | For the year ended 31 Mar 24 | For the year ended 31 Mar 23 |
|---|---------------------------------|---------------------------------|
| Note 19 | | |
| 19 Revenue from operations | | |
| <u>On financial assets measured at amortized cost:</u> | | |
| - Interest income on loans | 393,161.13 | 263,881.44 |
| Total | 393,161.13 | 263,881.44 |
| Note 20 | | |
| 20 Other income | | |
| Interest on income tax refund | 0.72 | - |
| Income From Trading | 1,425.47 | - |
| Profit/Loss on Sale of Land | - | 791.80 |
| Total | 1,426.19 | 791.80 |
| Note 21 | | |
| 21 Finance cost | | |
| <u>On financial liabilities measured at amortized cost:</u> | | |
| - Interest on borrowings | 232,941.51 | 150,326.57 |
| Total | 232,941.51 | 150,326.57 |
| Note 22 | | |
| 22 Impairment of Financial instrument | | |
| Expected Credit Loss Allowance | (652.36) | 4,162.57 |
| Total | (652.36) | 4,162.57 |
| Note 23 | | |
| 23 Employee benefit expenses | | |
| Salaries and allowances | 2,636.39 | 2,480.06 |
| Staff welfare expenses | 28.72 | 26.51 |
| Total | 2,665.11 | 2,506.57 |
| Note 24 | | |
| 24 Other expenses | | |
| Advertisement & publication expenses | 85.33 | 87.13 |
| CSR Charges | 1,390.00 | 829.35 |
| Duties & Taxes | - | 10.80 |
| Rent | 150.00 | 150.00 |
| Insurance | 16.70 | |
| Payment to statutory auditors towards audit fees | 118.00 | 88.50 |
| Printing and stationery | 13.17 | 17.89 |
| Miscellaneous expenses | 868.89 | 925.58 |
| Total | 2,642.09 | 2,109.25 |

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**(₹ in '000)**

| Particulars | For the year ended 31 Mar 24 | For the year ended 31 Mar 23 |
|-------------|---------------------------------|---------------------------------|
|-------------|---------------------------------|---------------------------------|

NOTE 25**25 Income tax**

Tax expense comprises of:

| | | |
|-------------------------------------|--------------------|--------------------|
| Current tax | (39,423.43) | (26,676.72) |
| Deferred tax charge | 50.48 | 0.01 |
| Earlier years tax adjustments (net) | - | - |
| and loss | (39,372.95) | (26,676.71) |

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.168% and the reported tax expense in profit or loss are as follows:

| | | |
|---|------------|------------|
| Accounting profit before income tax | 156,440.50 | 105,162.35 |
| At India's statutory income tax rate of 25.168% | 39,372.95 | 26,467.26 |

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Tax impact of expenses which will never be allowed

| | | |
|-------------------------------------|------------------|------------------|
| Earlier years tax adjustments (net) | - | - |
| Others | - | 209.45 |
| Income tax expense | 39,372.95 | 26,676.71 |

Note 26**26 Earning Per Shares: (in ₹)**

| | | |
|--|----------------|---------------|
| Profit for the year (₹) | 117,067,551.06 | 78,485,638.25 |
| Amount available for equity shareholders (₹) | 117,067,551.06 | 78,485,638.25 |
| Total number of equity shares outstanding at the beginning of the year | 14,738,525 | 14,738,525.00 |
| Total number of equity shares outstanding at the beginning of the year | 14,738,525 | 14,738,525.00 |
| Weighted average number of equity shares | 14,738,525 | 14,738,525 |
| Earning per share - Basic and diluted (₹) | 7.94 | 5.33 |
| Face value per equity share (₹) | 10.00 | 10.00 |

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

27 Related parties

Note 27

As per Ind AS 24, the disclosures of transactions with the related parties are given below: -

27.1 List of related parties where control exists and also related parties with whom transactions have taken place and relationship: -

| | | |
|-------|--|--|
| (i) | Associate Company | Rudraveerya Developers Limited |
| (ii) | Key Management Personnel | Vikram Goyal Executive Director |
| | | Rajan Goyal Non-Executive Director |
| | | Rohit Saraogi Chief Financial Officer |
| | | Akshay Khare Company Secretary |
| | | Deepak Independent Director |
| | | Rati Goswami Independent Director |
| | | Pardeep Kumar Independent Director |
| (iii) | Relatives of Key Management Personnel | Munish Kumar Garg Independent Director |
| (iv) | Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives | No transactions have been entered into with such parties |

27.2 Following transactions are made with the related parties covered under Ind AS- 24 on "Related Parties Disclosure": -

(₹ in '000)

| Particulars | Associate/Enterprises over which KMP have significant influence | | KMP | | Total | |
|---|---|-------------------|-----------------|---------------|---------------------|-------------------|
| | 31.03.2024 | 31.03.2023 | 31.03.2024 | 31.03.2023 | 31.03.2024 | 31.03.2023 |
| Transactions during the year | | | | | | |
| Loan Taken | 1,234,107.50 | 817,220.09 | - | - | 1,234,107.50 | 817,220.09 |
| Rudraveerya Developers Ltd | 1,234,107.50 | 817,220.09 | - | - | 1,234,107.50 | 817,220.09 |
| Loan repaid | 1,481,960.00 | 261,200.00 | - | - | 1,481,960.00 | 261,200.00 |
| Rudraveerya Developers Ltd | 1,481,960.00 | 261,200.00 | - | - | 1,481,960.00 | 261,200.00 |
| Finance Cost | 69,944.63 | 35,698.92 | - | - | 69,944.63 | 35,698.92 |
| Rudraveerya Developers Ltd | 69,944.63 | 35,698.92 | - | - | 69,944.63 | 35,698.92 |
| Remuneration | - | - | 1,043.57 | 963.98 | 1,043.57 | 963.98 |
| Rohit Saraogi | - | - | 600.00 | 600.00 | 600.00 | 600.00 |
| Akshay Khare | - | - | 443.57 | 336.03 | 443.57 | 336.03 |
| Prabhjeet Kaur | - | - | - | 27.95 | - | 27.95 |
| Balances outstanding at year end | | | | | | |
| Loan Payable | 665,637.64 | 881,361.11 | - | - | 665,637.64 | 881,361.11 |
| Rudraveerya Developers Ltd | 665,637.64 | 881,361.11 | - | - | 665,637.64 | 881,361.11 |
| Interest Payable | 62,950.17 | 32,129.02 | - | - | 62,950.17 | 32,129.02 |
| Rudraveerya Developers Ltd | 62,950.17 | 32,129.02 | - | - | 62,950.17 | 32,129.02 |
| Remuneration Payable | - | - | 86.23 | 130.56 | 86.23 | 130.56 |
| Rohit Saraogi | - | - | 47.87 | 95.75 | 47.87 | 95.75 |
| Akshay Khare | - | - | 38.36 | 34.81 | 38.36 | 34.81 |

28 Ratio Analysis and its components

Note 28

| S.No. | Particulars | 31 Mar 24 | 31 Mar 23 | % change from March 31 2023 to March 31 2024 |
|-------|--|-----------|-----------|--|
| 1 | Capital to risk -weighted asset ratio (CRAR) | 15.21% | 11.95% | 27.22% |
| 2 | Tier I CRAR | 15.21% | 11.95% | 27.22% |
| 3 | Tier II CRAR | 0.00% | 0.00% | 0.00% |
| 4 | Liquidity Coverage Ratio | -0.48% | 4.81% | -109.98% |

Reasons for variance of more than 25% in above ratios

(a) CRAR has increased as Tier 1 capital increased more than decreased in Risk Weighted Assets during the year ended on 31st March 2024 as compared to previous year.

(b) Liquidity Coverage Ratio has decreased due to increase in cash inflow more than increase in cash outflows during the year ended on 31st March 2024 as compared to previous year.

Components of Ratio

(₹ In '000s)

| S.No. | Ratios | Numerator | Denominator | 31 Mar 24 | | 31 Mar 23 | |
|-------|--|---|----------------------|------------|--------------|------------|--------------|
| | | | | Numerator | Denominator | Numerator | Denominator |
| 1 | Capital to risk -weighted asset ratio (CRAR) | Tier I Capital + Tier II Capital - Investment in subsidiaries | Risk Weighted Assets | 549,720.50 | 3,615,363.42 | 432,652.95 | 3,619,899.98 |
| 2 | Tier I CRAR | Tier I | Risk Weighted Assets | 549,720.50 | 3,615,363.42 | 432,652.95 | 3,619,899.98 |
| 3 | Tier II CRAR | Tier II | Risk Weighted Assets | - | 3,615,363.42 | - | 3,619,899.98 |
| 4 | Liquidity Converge Ratio | Highly qualified Liquid assets | Net Cash outflow | 1,329.38 | (277,156.37) | 1,058.34 | 22,025.26 |

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

29 The standalone financial statements were approved for issue by the Board of Directors on 30th day of May, 2024. **Note 29**

30 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. **Note 30**

31 There has been no delay in transferring amounts, if required to be transferred, to the Investor Education and Protection Fund by the Company. **Note 31**

32 Corporate Social Responsibility (CSR) **Note 32**

32.1 The Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. The Company's objective is to pro-actively support meaningful socio-economic development. As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.sonalmercantile.in and the company is required to spend for CSR activities in accordance with the same. The details of the CSR expenses for the year are as under:

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|-------------------------------------|------------------------------|------------------------------|
| For Corporate Social Responsibility | 1,390.00 | 829.35 |
| Total | 1,390.00 | 829.35 |

| | | |
|---|----------|----------|
| a) Gross amount required to be spent by the Company during the year | 1,654.28 | 1,135.83 |
| b) Un-utilised Amount brought forward from previous year | 963.31 | 656.83 |
| c) Excess Amount spent last year brought forward | - | - |
| d) Amount of Expenditure incurred during the year | 1,390.00 | 829.35 |
| e) Shortfall at the end of the year | 1,227.59 | 963.31 |
| f) Total of Previous Year Shortfall | - | - |
| g) Un-utilised Amount carried forward to next year | - | - |
| h) Excess Amount spent carried forward to next year | - | - |
| i) Details of related party transactions e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | Nil | Nil |
| j) where a provision is made with respect to a liability incurred by entering into a contractual obligations, the movements in the provision during the year shall be shown separately. | Nil | Nil |

32.2 The Company has not spent the entire amount during the FY 23-24. However the Company has transferred the amount of Rs 12,50,000/- to a separate Unspent CSR Bank Account and will spend the same in due course as per the applicable provisions of the Companies Act, 2013

33 Figures have been rounded off to the nearest thousands of rupees. **Note 33**

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

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

35 Financial instruments

NOTE 35

Fair values hierarchy

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial instruments by category

Categories of Financial Instruments and its fair value measurement

(₹ in 000's)

| Particulars | 31 March 2024 | | | 31 March 2023 | | |
|------------------------------------|---------------|-------|---------------------|---------------|-------|---------------------|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments | - | - | 67,277.88 | - | - | 63,351.41 |
| Trade receivables | - | - | 0.05 | - | - | - |
| Loans | - | - | 3,533,241.68 | - | - | 3,539,254.08 |
| Cash and cash equivalents | - | - | 1,329.38 | - | - | 1,058.34 |
| Other financial assets | - | - | 45.00 | - | - | 45.00 |
| Total financial assets | - | - | 3,601,893.99 | - | - | 3,603,708.83 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 2,906,184.59 | - | - | 3,035,958.65 |
| Other financial liabilities | - | - | 4,988.74 | - | - | 6,137.97 |
| Other non financial liabilities | - | - | 156,345.55 | - | - | 144,764.63 |
| Total financial liabilities | - | - | 2,911,173.33 | - | - | 3,042,096.62 |

Investment in associate is measured at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures". Hence, the same have been excluded from the above table.

Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

| Particulars | Level | 31 March 2024 | | 31 March 2023 | |
|------------------------------------|---------|---------------------|---------------------|---------------------|---------------------|
| | | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | | |
| Loans | Level 3 | 3,533,241.68 | 3,533,241.68 | 3,539,254.08 | 3,539,254.08 |
| Total financial assets | | 3,533,241.68 | 3,533,241.68 | 3,539,254.08 | 3,539,254.08 |
| Financial liabilities | | | | | |
| Borrowings | Level 3 | 2,906,184.59 | 2,906,184.59 | 3,035,958.65 | 3,035,958.65 |
| Other financial liabilities | Level 3 | 4,988.74 | 4,988.74 | 6,137.97 | 6,137.97 |
| Total financial liabilities | | 2,911,173.33 | 2,911,173.33 | 3,042,096.62 | 3,042,096.62 |

The management assessed that cash and cash equivalents, trade receivables, other receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

36 FINANCIAL RISK MANAGEMENT

NOTE 36

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|-----------------------------|---|-----------------------------|---|
| Credit risk | Cash and cash equivalents, loans, Investments, trade receivables, other financial assets. | Ageing analysis | Bank deposits, diversification of asset base, credit limits and collateral. |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities. |
| Market risk - interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Negotiation of terms that reflect the market factors. |

Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables, Loans and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management

Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial

A: Low

B: Medium

C: High

The Company provides for expected credit loss based on the following:

| | Basis of categorisation | Provision for expected credit loss |
|--------|--|---|
| Low | Cash and cash equivalents, investments, other bank balances, loans, trade receivables other financial assets | Life time expected credit loss or 12 month expected credit loss |
| Medium | Trade receivables and other financial asset | Life time expected credit loss or 12 month expected credit loss |
| High | Trade receivables and other financial asset | Life time expected credit loss fully provided for |

Life time expected credit loss is provided for trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

| Credit rating | 31 March 2024 | 31 March 2023 |
|---------------|---------------|---------------|
| A: Low | - | - |
| B: Medium | - | - |
| C: High | - | - |

Concentration of trade receivables, Loans

The Company's exposure to credit risk for trade receivables is Nil.

Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets -

As at 31 March 2024

| Particulars | Estimated | Expected credit | Carrying amount |
|---------------------------|--------------|-----------------|-----------------|
| Cash and cash equivalents | 1,329.38 | - | 1,329.38 |
| Investment | 67,277.88 | - | 67,277.88 |
| Other bank balances | - | - | - |
| Loans | 3,533,241.68 | 8,955.95 | 3,524,285.73 |
| Other financial assets | 45.00 | - | 45.00 |

As at 31 March 2023

| Particulars | Estimated | Expected credit | Carrying amount |
|---------------------------|--------------|-----------------|-----------------|
| Cash and cash equivalents | 1,058.34 | - | 1,058.34 |
| Investment | 63,351.41 | - | 63,351.41 |
| Other bank balances | - | - | - |
| Loans | 3,539,254.08 | (9,608.31) | 3,548,862.39 |
| Other financial assets | 45.00 | - | 45.00 |

Reconciliation of loss provision – lifetime expected credit losses

| Reconciliation of loss allowance | Loans | Other financial asset |
|---|-----------------|-----------------------|
| Loss allowance as on 31 March 2022 | 5,445.74 | - |
| Impairment loss recognised/reversed during the year | 4,162.57 | - |
| Amounts written off | - | - |
| Loss allowance on 31 March 2023 | 9,608.31 | - |
| Impairment loss recognised/reversed during the year | (652.36) | - |
| Amounts written off | - | - |
| Loss allowance on 31 March 2024 | 8,955.95 | - |

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

| 31 March 2024 | Less than 1 year | More than 1 year | Total |
|-----------------------------|------------------|---------------------|---------------------|
| Non-derivatives | | | |
| Borrowings | - | 2,906,184.59 | 2,906,184.59 |
| Trade payable | - | - | - |
| Other financial liabilities | 188.74 | 4,800.00 | 4,988.74 |
| Derivatives | | | |
| Derivative liability | - | - | - |
| Total | 188.74 | 2,910,984.59 | 2,911,173.33 |

| 31 March 2023 | Less than 1 year | More than 1 year | Total |
|-----------------------------|------------------|---------------------|---------------------|
| Non-derivatives | | | |
| Borrowings | - | 3,035,958.65 | 3,035,958.65 |
| Trade payable | - | - | - |
| Other financial liabilities | 1,337.97 | 4,800.00 | 6,137.97 |
| Derivatives | | | |
| Derivative liability | - | - | - |
| Total | 1,337.97 | 3,040,758.65 | 3,042,096.62 |

Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

| Particulars | 31 March 2024 | 31 March 2023 |
|-------------------------|---------------------|---------------------|
| Variable rate borrowing | - | - |
| Fixed rate borrowing | 2,906,184.59 | 3,035,958.65 |
| Total borrowings | 2,906,184.59 | 3,035,958.65 |

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| Particulars | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| Interest rates – increase by 50 basis points | (14,530.92) | (15,179.79) |
| Interest rates – decrease by 50 basis points | 14,530.92 | 15,179.79 |

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NOTE 37

Capital management

The Company's objectives when managing capital are to:

- To ensure Company's ability to continue as a going concern, and
- To provide adequate return to shareholders

Management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company manages its capital requirements by overseeing the following

| Particulars | 31 March 2024 | 31 March 2023 |
|---------------------------------|---------------|---------------|
| Net debt* | 2,904,855.21 | 3,034,900.31 |
| Total equity | 549,720.50 | 432,652.95 |
| Net debt to equity ratio | 5.28 | 7.01 |

*Net debt = non-current borrowings + current borrowings + current maturities of non-current borrowings + interest accrued - cash and cash equivalents

38 Disclosure as per Ind AS 115 : Revenue from contract with customers

NOTE 38

Ind AS 115 requires disclosure of major changes on account of revenue recognised in the reporting period from the contract liability balance at the beginning of the period and other changes, as summarised below:

| Description | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Contract liabilities at the beginning of the year | - | - |
| Less: performance obligations satisfied in current year | - | - |
| Add: advance received during the year. | - | - |
| Contract liabilities at the end of the year | - | - |

Disaggregation of revenue

Revenue arises mainly from the Interest income on loans.

| Description | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-----------------|-----------------------------|-----------------------------|
| Interest Income | 393,161.13 | 263,881.44 |
| | 393,161.13 | 263,881.44 |

Geographical markets

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--------|-----------------------------|-----------------------------|
| India | 393,161.13 | 263,881.44 |
| Others | - | - |
| | 393,161.13 | 263,881.44 |

Reconcile the amount of revenue recognised in the statement of profit and loss with the contracted price

| Description | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Revenue recognised during the year | 393,161.13 | 263,881.44 |
| Less: Discount, rebates, credits etc. | - | - |
| Add/Less: Any adjustment during the year | - | - |
| Revenue as per the contact | 393,161.13 | 263,881.44 |

Timing of Revenue recognition:

| Description | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Revenue recognised at point in time | | |
| Interest Income | 393,161.13 | 263,881.44 |
| | 393,161.13 | 263,881.44 |

Additional Regulatory Disclosures**(i) Details of Benami Property held**

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.

(ii) Wilful defaulter

The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(iii) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(iv) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vi) Utilization of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(ix) Valuation of Property, Plant & Equipment, intangible asset and investment property

The Company has not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

(x) Title deeds of immovable properties not held in name of the company

The Company does not have any immovable property.

(xi) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period. Corporate Guarantee given by the company to subsidiary company is not liable for charge registration.

For and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED

VIKRAM GOYAL
Whole Time Director
DIN: 00381115

RAJAN GOYAL
Director
DIN: 02600825

ROHIT SARAOGI
CFO
PAN: BVCPS4684L

AKSHAY KHARE
Company Secretary
PAN : FMRPK3637K

INDEPENDENT AUDITOR'S REPORT

To the Members of **SONAL MERCANTILE LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sonal Mercantile Limited** ("hereinafter referred to as the Holding Company") and its associate (Holding and associate together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2024, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company as at 31st March, 2024, and the consolidated **Net Profit** (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described hereunder to be key audit matters to be communicated in our report.

| S. No. | Key Audit Matters | Auditor's Response |
|--------|--|--|
| 1 | <p><u>Compliance of RBI directions and circulars: -</u></p> <p>The recent RBI regulations increased the responsibility of auditors of NBFCs.</p> <p>As Company is an NBFC, it is responsibility of Company to duly follow the directions and circulars.</p> <p>We focused on the requisite compliance and disclosure as per the requirements in the norms.</p> | <p><u>Our audit procedure inter-alia includes the following: -</u></p> <p>We have reviewed the conditions for prudential norms prescribed by the RBI including: -</p> <ul style="list-style-type: none"> • Hold impairment allowance as required by IND AS with due to consideration of existing prudential norms on IRACP on loan advanced. • Transfer of 20% profit to reserve maintain under section 45-IC of the RBI Act. • Holding of at least 50% of the financial assets and 50% of the financial income respectively. • Maintaining minimum Net Owned Funds of Rs. 200 Lakhs. |
| 2 | <p><u>Loans and Advances: -</u></p> <p>Loans are to be disclosed at amortized Cost using effective interest method prescribed under IND AS 109 on 'Financial Instruments'.</p> <p>We focused on the conditions of disbursement and appropriateness of sanctioning process of the loan granted by the Company.</p> | <p><u>Our audit procedure inter-alia includes the following: -</u></p> <ul style="list-style-type: none"> • We evaluated the control environment including authorization, sectioning and disbursement of significant loans advanced during the year. • We evaluated the control environment of levying the processing fees on significant loans advanced by the company and its treatment in books of accounts in accordance with IND AS 109. • We Have obtained external confirmations from third parties in respect of transactions and closing balance for significant loans advanced by the company. • We tested all material entries recorded in connection with the loan advance and interest thereon to determine whether the accounting was appropriate. |

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also.

- 1 Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has an adequate internal financial controls system in place and the operating effectiveness of such controls.
- 3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4 Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 5 Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The Consolidated audited financial statement includes group's profit share of an associate Rudraveerya Developers Ltd whose financial statements reflect total profit of Rs 28,69,48,461.00 and Nil Other Comprehensive Income for the year ended on that date. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate is based solely on such unaudited financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

A. With respect to the matters specified in the paragraph 3(xxi) and 4 of the companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, to be included in the Consolidated Auditor's report, according to the information and explanations given to us, the statutory auditor of the associate i.e. the company which is included in the consolidated financial statements have not issued their auditor's report for FY 22-23 till the date of signing this report.

B. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- 1 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 of the aforesaid consolidated financial statements.
- 2 In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- 3 The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this

Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- 4 In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under Section 133 of the Act;
- 5 On the basis of the written representations received from the directors of the Holding Company as on 31st March 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associate company, none of the directors of the Group companies is disqualified as on 31 March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- 6 With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 7 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:
 - a. The consolidated financial statements have disclosed the impact, if any, of pending litigations on the consolidated financial position of the Group in its consolidated financial statements.
 - b. The Company and its associate did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate.
 - d. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - e. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - f. Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

- g. Proviso to Rule 3(1) of the Companies (Accounts) Rules 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 for the financial year ended March 31,2024 is as follows:
- Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. As the profit of the associate is from unaudited financials therefore we are not able to comment on the reporting requirement under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 in respect of its associate.
 - As provision to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1,2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.
- 8 Dividend is not declared or paid during the year by the company.

For Ajay Rattan & Co.
Chartered Accountants
Firm Registration No.012063N

CA. Varun Garg
Partner
Membership No. 523588
UDIN: 24523588BKGWY3673

Place: New Delhi
Dated: 30/05/2024

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

In conjunction with our audit of the consolidated financial statement of the Company as of and for the year ended 31st March 2024, we have audited the internal financial controls over financial reporting of **Sonal Mercantile Limited** (hereinafter referred to as "the Holding Company") along with its associate (the Holding Company and its associate together referred to as "the Group") as on that date.

Management's Responsibility for the Internal Financial Controls

The respective Board of Directors of the Holding Company and its associate are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities 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 (CAI). 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on internal financial controls over financial reporting of the Holding Company and its associate 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its associate.

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: -

Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, 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 Provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of information and according to explanation given to us and taking into consideration the reports of the other auditors referred to in the Other Matters paragraph below, the Group have maintained 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 31st March 2024, 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'.

Other Matters

Our aforesaid report under Section 143(3)G of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate company, which is incorporated in India, is based on the corresponding report of the auditor of such company.

For Ajay Rattan & Co.
Chartered Accountants
Firm Registration No.012063N

CA. Varun Garg
Partner
Membership No. 523588
UDIN: 24523588BKGYWY3673

Place: New Delhi
Dated: 30/05/2024

SONAL MERCANTILE LIMITED
CIN: L51221DL1985PLC022433
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2024

| | | (₹ in '000) | |
|---|-------|---------------------|---------------------|
| Particulars | Notes | As at 31 Mar 24 | As at 31 Mar 23 |
| ASSETS | | | |
| Financial assets | | | |
| (a) Cash and cash equivalents | 5 | 1,329.38 | 1,058.34 |
| (b) Bank Balance over and above (a) | | - | - |
| (b) Trade Receivables | 6 | 0.05 | - |
| (c) Loans | 7 | 3,533,241.68 | 3,539,254.08 |
| (d) Investments | 8 | 2,656,185.96 | 2,527,336.48 |
| (e) Other financial assets | 9 | 45.00 | 45.00 |
| | | 6,190,802.07 | 6,067,693.90 |
| Non-financial assets | | | |
| (a) Current tax assets (net) | 10 | 360.55 | 373.17 |
| (b) Deferred tax Assets (net) | 11 | 186.02 | 135.54 |
| (c) Property, plant & equipment | 12 | 1,235.51 | 1,761.48 |
| (d) Other non-financial assets | 13 | 13,563.31 | 13,535.18 |
| | | 15,345.39 | 15,805.37 |
| Total Assets | | 6,206,147.45 | 6,083,499.27 |
| LIABILITIES AND EQUITY | | | |
| Financial liabilities | | | |
| (a) Borrowings (other than debt securities) | 14 | 2,906,184.59 | 3,035,958.65 |
| (b) Other financial liabilities | 15 | 4,988.74 | 6,137.97 |
| | | 2,911,173.33 | 3,042,096.62 |
| Non-financial liabilities | | | |
| (a) Other non financial liabilities | 16 | 156,345.55 | 144,764.63 |
| | | 156,345.55 | 144,764.63 |
| EQUITY | | | |
| (a) Equity share capital | 17 | 147,385.25 | 147,385.25 |
| (b) Other equity | 18 | 2,991,243.32 | 2,749,252.76 |
| | | 3,138,628.57 | 2,896,638.01 |
| Total Liabilities and Equity | | 6,206,147.45 | 6,083,499.27 |

Summary of material accounting policies and accompanying notes form an integral part of these financial statements.

1-40

This is the balance sheet referred to in our report of even date.

FOR AJAY RATTAN & CO.
Chartered Accountants
Firm Registration No. 012063N

For and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED

CA. VARUN GARG
Partner
Membership No. 523588
UDIN: 24523588BKGWY3673

VIKRAM GOYAL
Whole Time Director
DIN: 00381115

RAJAN GOYAL
Director
DIN: 02600825

Date: 30 May 2024
Place: New Delhi

ROHIT SARAOGI
CFO
PAN: BVCPS4684L

AKSHAY KHARE
Company Secretary
PAN : FMRPK3637K

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31 MARCH 2024**(₹ in '000)**

| Particulars | Notes | For the year ended 31 Mar 24 | For the year ended 31 Mar 23 |
|---|-----------|---------------------------------|---------------------------------|
| REVENUE | | | |
| Revenue from operations | 19 | 393,161.13 | 263,881.44 |
| (I) Total revenue from operations | | 393,161.13 | 263,881.44 |
| (II) Other income | 20 | 1,426.19 | 791.80 |
| (III) Total Income (I+II) | | 394,587.32 | 264,673.24 |
| EXPENSES | | | |
| (i) Finance costs | 21 | 232,941.51 | 150,326.57 |
| (ii) Impairment of Financial instrument | 22 | (652.36) | 4,162.57 |
| (iii) Employee benefit expenses | 23 | 2,665.11 | 2,506.57 |
| (iv) Depreciation, amortisation & impairment | 12 | 550.47 | 405.93 |
| (v) Other expenses | 24 | 2,642.09 | 2,109.25 |
| (IV) Total Expenses | | 238,146.82 | 159,510.89 |
| (V) Profit before tax (III-IV) | | 156,440.50 | 105,162.35 |
| (VI) Tax Expense | 25 | | |
| Current tax | | (39,423.43) | (26,676.72) |
| Deferred tax | | 50.48 | 0.01 |
| (VII) Profit/ (loss) after tax (V-VI) | | 117,067.55 | 78,485.64 |
| Share of profit in associate (net) | | 124,923.01 | 101,486.77 |
| Total profit | | 241,990.56 | 179,972.41 |
| Total Other Comprehensive Income (VIII) | | | |
| Share of other comprehensive income in Associates to the extent not reclassified to profit & loss | | - | 238,738.17 |
| Total Comprehensive Income (VII+VIII) | | 241,990.56 | 418,710.58 |
| Earning per equity share (EPS) | | | |
| | 26 | | |
| Basic (Amount in ₹) | | 18.40 | 13.93 |
| Diluted (Amount in ₹) | | 18.40 | 13.93 |

Summary of material accounting policies and accompanying notes form an integral part of these financial statements.

1-40

This is the balance sheet referred to in our report of even date.

FOR AJAY RATTAN & CO.
Chartered Accountants
Firm Registration No. 012063NFor and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED**CA. VARUN GARG**
Partner
Membership No. 523588
UDIN: 24523588BKGWY3673**VIKRAM GOYAL**
Whole Time Director
DIN: 00381115**RAJAN GOYAL**
Director
DIN: 02600825Date: 30 May 2024
Place: New Delhi**ROHIT SARAOGI**
CFO
PAN: BVCPS4684L**AKSHAY KHARE**
Company Secretary
PAN : FMRPK3637K

SONAL MERCANTILE LIMITED

CIN : L51221DL1985PLC022433

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 MARCH 2024

| Particulars | (₹ in '000) | |
|---|--------------------|--------------------|
| | As at 31 Mar 24 | As at 31 Mar 23 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and after extra- ordinary | 156,440.50 | 105,162.37 |
| Adjustments for :- | | |
| Depreciation | 550.47 | 405.93 |
| Gain on sale of investments | (1,426.19) | (791.80) |
| Operating Profit before working capital changes | 155,564.79 | 104,776.50 |
| <u>Working capital adjustments: -</u> | | |
| (Increase)/ decrease in trade receivable | (0.05) | - |
| (Increase)/ decrease in loans | 6,012.40 | (1,525,347.61) |
| (Increase)/ decrease in other financial assets | - | - |
| (Increase)/ decrease in Current Tax Asset | 12.63 | - |
| Increase/ (decrease) in short term borrowing | (129,774.08) | 1,449,844.75 |
| (Increase)/ decrease in other non financial assets | (28.13) | 314.90 |
| Increase/ (decrease) in other financial liabilities | (1,149.23) | (4,994.72) |
| Increase/ (decrease) in other non-financial liabilities | 11,580.92 | (10,638.61) |
| Cash generated from operations | 42,219.26 | 13,955.20 |
| Direct Taxes Paid | 39,423.43 | 26,680.84 |
| Net cash flow from operating activities (A) | 2,795.82 | (12,725.64) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale/ purchase of property, plant & equipment | (24.50) | (2,163.91) |
| Sale/ (Purchase) of investments | (2,500.28) | 15,720.00 |
| Net cash flow from investing activities (B) | (2,524.78) | 13,556.09 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Net proceeds from borrowings | - | - |
| Interest on borrowings | - | - |
| Net cash flow from financing activities (B) | - | - |
| Net cash flow during the year (A + B + C) | 271.04 | 830.45 |
| Add: Opening cash and cash equivalents | 1,058.34 | 227.89 |
| Closing cash and cash equivalents | 1,329.38 | 1,058.34 |
| Components of cash and cash equivalents | | |
| Cash on hand | 7.01 | 220.32 |
| <u>Balances with banks: -</u> | | |
| In current accounts | 1,322.37 | 838.02 |
| In fixed deposits | - | - |
| Total cash and cash equivalents | 1,329.38 | 1,058.34 |

Notes:-

- i) The above statement of cash flow has been prepared under the 'Indirect Method' as set out in IndAS 7 - 'Statement of Cash Flows'.
- ii) Direct taxes paid is treated as arising from operating activities and is not bifurcated between investing and financing activities.
- iii) Since the Company is a loan company, purchase and sale of investments have been considered as part of "Cash flow from investing activities" and interest earned on loans have been considered as part of "Cash flow from operating activities".

FOR AJAY RATTAN & CO.
Chartered Accountants
Firm Registration No. 012063N

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

CA. VARUN GARG
Partner
Membership No. 523588
UDIN: 24523588BKGWY3673

VIKRAM GOYAL
Whole Time Director
DIN: 00381115

RAJAN GOYAL
Director
DIN: 02600825

Date: 30 May 2024
Place: New Delhi

ROHIT SARAOGI
CFO
PAN: BVCPS4684L

AKSHAY KHARE
Company Secretary
PAN : FMRPK3637K

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31 MARCH 2024

Equity Share Capital

(₹ in '000)

I. For the year ended 31st March 2024

| Balance at the 1st April 2023 | Change in equity share capital due to prior period errors | Restated balance at the 01st April 2023 | Changes in equity share capital during the year | Balance at the 31st March 2024 |
|-------------------------------|---|---|---|--------------------------------|
| 147,385.25 | - | - | - | 147,385.25 |

II. For the year ended 31st March 2023

(₹ in '000)

| Balance at the 1st April 2022 | Change in equity share capital due to prior period errors | Restated balance at the 01st April 2022 | Changes in equity share capital during the year | Balance at the 31st March 2023 |
|-------------------------------|---|---|---|--------------------------------|
| 147,385.25 | - | - | - | 147,385.25 |

Other Equity

I. For the year ended 31st March 2024

(₹ in '000)

| Particulars | Reserve & Surplus | | | Share of other comprehensive income in associates | Total |
|--|--|---------------------|------------------|---|---------------------|
| | Statutory Reserve (U/s 45-IC of the RBI Act, 1934) | Retained earnings | Share Premium | | |
| Balances as at 1st April 2023 | 111,065.78 | 1,973,207.66 | 72,529.75 | 592,449.57 | 2,749,252.76 |
| Changes in accounting policy or prior period error | - | - | - | - | - |
| Restated balance as at 1st April 2023 | 111,065.78 | 1,973,207.66 | 72,529.75 | 592,449.57 | 2,749,252.76 |
| Total comprehensive income | - | 117,067.55 | - | - | 117,067.55 |
| Share of profit in associates | - | 124,923.01 | - | - | 124,923.01 |
| Appropriation to statutory reserves | 48,398.11 | (48,398.11) | - | - | - |
| Balance as at 31st March 2024 | 159,463.89 | 2,166,800.11 | 72,529.75 | 592,449.57 | 2,991,243.32 |

II. For the year ended 31st March 2023

(₹ in '000)

| Particulars | Reserve & Surplus | | | Share of other comprehensive income in associates | Total |
|--|--|---------------------|------------------|---|---------------------|
| | Statutory Reserve (U/s 45-IC of the RBI Act, 1934) | Retained earnings | Share Premium | | |
| Balances as at 1st April 2022 | 27,323.66 | 1,876,977.37 | 72,529.75 | 353,711.40 | 2,330,542.18 |
| Changes in accounting policy or prior period error | - | - | - | - | - |
| Restated balance as at 1st April 2022 | 27,323.66 | 1,876,977.37 | 72,529.75 | 353,711.40 | 2,330,542.18 |
| Total comprehensive income | - | 78,485.64 | - | - | 78,485.64 |
| Share of profit in associates | - | 101,486.77 | - | 238,738.17 | 340,224.94 |
| Appropriation to statutory reserves | 83,742.12 | (83,742.12) | - | - | - |
| Balance as at 31st March 2023 | 111,065.78 | 1,973,207.66 | 72,529.75 | 592,449.57 | 2,749,252.76 |

Summary of material accounting policies and accompanying notes form an integral part of these financial statements.

1-40

This is the balance sheet referred to in our report of even date.

FOR AJAY RATTAN & CO.
Chartered Accountants
Firm Registration No. 012063N

**For and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED**

CA. VARUN GARG
Partner
Membership No. 523588
UDIN: 24523588BKGYWY3673

VIKRAM GOYAL
Whole Time Director
DIN: 00381115

RAJAN GOYAL
Director
DIN: 02600825

Date: 30 May 2024
Place: New Delhi

ROHIT SARAOGI
CFO
PAN: BVCP54684L

AKSHAY KHARE
Company Secretary
PAN : FMRPK3637K

1 Corporate Information

NOTE 1

Sonal Mercantile Limited is a public company domiciled in India and registered under the provisions of Section 45-IA of The Reserve Bank of India Act, 1934. The company's primary business is to provide short term/ long term finance.

2 Basis of Preparation of Consolidated Financial Statements

NOTE 2

2.1 Statement of Compliances

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis for preparation of Consolidated financial statements:

The Consolidated financial statements have been prepared under the historical cost basis which is generally based on the fair value of consideration given in exchange and services. However certain financial assets and liabilities are measured at fair value in compliances with IND-AS.

2.3 Basis and Principles of Consolidation

The financial statements of the associate company used in the consolidation are unaudited and drawn up to the same reporting date as of the Company i.e. year ended March 31, 2024.

Associate

The consolidated financial statements comprise of the group Sonal Mercantile Ltd and its associate Rudraveerya Developers Ltd in accordance with the requirements of Ind AS 110- Consolidated Financial Statements and Ind AS 28 – Investment in Associates and Joint Ventures (to the extent applicable).

Investment in Associates are accounted under the Equity Method , after initially being recognized at cost in the consolidated Balancesheet.

Equity Method

Under the equity method of accounting, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for the impairment individually.

The statement of profit and loss reflects the group's share of the results of operations of the associate. Any change in OCI of investee is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group are eliminated to the extent of the interest of the associate.

2.4 Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the Ind AS financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Figures have been rounded off to the nearest thousands of rupees.

2.5 New Standards/ Amendments and Other Changes adopted Effective 1 April 2023 or thereafter

(i) Ind AS 1 Presentation to Financial Statement: The Company has adopted the amendments wherein the Company was required to disclose the material accounting policies in the Consolidated Financial Statements instead of the significant accounting policies. Accordingly, the Company is disclosing material accounting policies as **Note 3**.

There is no material change in the accounting policies adopted by the Company during the financial year 2023-24.

(ii) Ind AS 8- Accounting policies, change in Accounting Estimates and Errors.

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Company has adopted the amendment and there is no material impact on its Consolidated Financial Statements.

(iii) Ind AS 12- Income Tax

The Company has adopted the amendments and there is no material impact on its Consolidated Financial Statements

2.6 Functional and presentation currency

These Consolidated Financial Statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Thousands (up to two decimals), except as stated otherwise.

2.7 Critical accounting estimates:

2.7.1 Income Taxes:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

2.7.2 Impairment of Investments:

The carrying value of investments is reviewed at cost annually, or more frequently whenever, there is indication for impairment. If the recoverable amount is less than the carrying amount, the impairment loss is accounted for.

2.7.3 Provisions:

Provisions are recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

2.7.4 Effective Interest Rate (EIR) Method:

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, restructuring and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments and other fee income/expense that are integral parts of the instrument.

NOTE 3

3 Material Accounting Policies:

A summary of the material accounting policies applied in the preparation of the Consolidated Financial Statements are as given below. These accounting policies have been applied consistently to all periods presented in the Consolidated Financial Statements.

3.(a) Property plant and equipment (PPE)

1.1. Initial recognition and measurement

Property, plant and equipments ("PPE") are measured at cost less accumulated depreciation/amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset, inclusive of non-refundable taxes & duties, to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipments have different useful lives, they are recognized separately.

Spare parts are capitalized when they meet the definition of PPE, i.e. when the Company intends to use these for a period exceeding 12 months.

On transition to IND AS, the Company has elected to continue with the carrying value of all of its PPE recognized, measured as per the previous GAAP and use that carrying value as the deemed cost of the PPE.

1.2. Depreciation

Depreciation on Property, Plant and Equipment, including assets taken on lease, other than freehold land is charged based on Written down method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

In circumstance, where a PPE is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

The useful life of asset taken into consideration as per Schedule II for the purpose of calculating depreciation is as follows: -

| Particulars of Property, Plant & Equipment | Useful life (in years) |
|---|-------------------------------|
| Furniture | 10 |
| Motor Vehicle | 8 |
| Office Equipment | 5 |
| Computer | 3 |

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment are determined as a difference between the sale proceeds and the carrying amount of the asset and is recognized in the profit and loss. At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

3.(b) Revenue recognition:

With Effective 1st April, 2018, the Company has applied Ind AS 115 – Revenue from Contracts with Customers Pursuant to adoption of Ind AS 115, Revenue from contracts with customers are recognized when the control over the goods or services promised in the contract are transferred to the customer. The amount of revenue recognized depicts the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Company is entitled to in exchange for the goods or services.

b.1 Interest Income: The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost. EIR is calculated by considering all costs and other incomes attributable to acquisition of a financial assets.

b.2 Dividend: Dividend income from investments is recognised when the shareholders' right to receive payment has been established which is generally when the shareholders approve the dividend.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

- b.3 Other revenue from operations:** The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

3.(c) Financial Instruments:

c.1 Financial Assets:-

Recognition and initial measurement: -

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction cost.

Subsequent measurement: -

Equity instrument and Mutual Fund: - All equity Instrument and mutual funds within scope of Ind-AS 109 are measured at fair value. Equity instrument and Mutual fund which are held for trading are classified as at fair value through profit & loss (FVTPL). For all other equity instruments, the Company decided to classify them as at fair value through other comprehensive income (FVTOCI).

Debt instrument: - A 'debt instrument' is measured at the amortised cost if both the following conditions are met. The assets are held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

De- Recognition of financial Assets: -

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or Company has transferred its right to receive cash flow from the asset.

Impairment of financial assets: -

The Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

c.2 Financial Liabilities : -

Recognition and initial measurement: -

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. Financial liabilities are classified at amortised cost.

Subsequent measurement: -

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

De-recognition of financial liabilities

Financial liabilities are derecognized when the obligation under the liabilities are discharged or cancelled or expires. Consequently, write back of unsettled credit balances is done on closure of the concerned project or earlier based on the previous experience of Management and actual facts of each case and recognized in other Operating Revenues.

Further when an existing Financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

c.3 Off setting of financial instrument: -

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on net basis, to realize the assets and settle the liabilities simultaneously.

c.4 Impairment of Financial Assets: -

Equity instruments, Debt Instruments and Mutual Fund: - In accordance with Ind-AS 109, the Company applies Expected Credit Loss model for measurement and recognition of impairment loss for financial assets. Expected Credit Loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

Other Financial Assets: - The Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

c.5 Expected Credit Loss (ECL): -

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance on Loans with significant financing component is measured at an amount equal to 12-month ECL. For all other financial assets, expected credit losses are measured at an amount equal to the lifetime 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considers current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recorded is recognized as an impairment gain or loss in condensed consolidated statement of comprehensive income.

3.(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and on hand and short- term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if they are considered an integral part of the Company's cash management.

3.(e) Taxation

e.1 Current Income tax: Provision for current tax is made as per the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to applicable tax regulations which are subject to interpretation and establishes provisions where appropriate.

e.2 Deferred Tax: Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

3.(f) Employee benefits

Short Term Benefits: Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under performance related pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.(g) Statement of cash Flows: Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS-7 'Statement of cash flows.'

3.(h) Earning per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period and also after the Balance Sheet date but before the date the Ind AS financial statements are approved by the Board of Directors.

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

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

3.(i) Provision, contingent liabilities and contingent assets

Provision: A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Contingent Liability: Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

4 Major Estimates and Judgments made in preparing Consolidated Financial Statements **NOTE 4**

The preparation of the Company's Consolidated Financial Statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. These include recognition and measurement of financial instruments, estimates of useful lives and residual value of Property, Plant and Equipment and Intangible Assets, valuation of inventories, measurement of recoverable amounts of cash-generating units, measurement of employee benefits, actuarial assumptions, provisions etc.

Uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

4.1 JUDGEMENTS

In the process of applying the company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the Consolidated Financial Statements:

Materiality

Ind AS requires assessment of materiality by the Company for accounting and disclosure of various transactions in the Consolidated Financial Statements. Accordingly, the Company assesses materiality limits for various items for accounting and disclosures and follows on a consistent basis. Overall materiality is also assessed based on various financial parameters such as Gross Block of assets, Net Block of Assets, Total Assets, Revenue and Profit Before Tax. The materiality limits are reviewed and approved by the Board.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter. In the similar line, management also on the basis of best judgment and estimate determines the net realizable value of the Inventories to make necessary provision.

4.2 MAJOR ESTIMATES

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Useful life of property, plant and equipment and intangible assets

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets other than Plant and machinery are in accordance with Schedule II of the Companies Act, 2013.

The Company reviews at the end of each reporting date the useful life of property, plant and equipment, and are adjusted prospectively, if appropriate.

Income Taxes

The Company uses estimates and judgements based on the relevant facts, circumstances, present and past experience, rulings, and new pronouncements while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(₹ in '000)

| Particulars | As at 31 Mar 24 | As at 31 Mar 23 |
|--|---------------------|---------------------|
| 7 Loans | Note 7 | |
| In India (at amortized cost) | | |
| (A) | | |
| (i) Loans repayable on demand | - | - |
| (ii) Term loan | 3,542,197.63 | 3,548,862.39 |
| Total (A)- Gross | 3,542,197.63 | 3,548,862.39 |
| Less: Impairment loss allowance | (8,955.95) | (9,608.31) |
| Total (A)-Net | 3,533,241.68 | 3,539,254.08 |
| (B) | | |
| (i) Secured by tangible assets | - | - |
| (ii) Secured by intangible assets | - | - |
| (iii) Covered by Bank/ Govt. guarantee | - | - |
| (iv) Unsecured | 3,542,197.63 | 3,548,862.39 |
| Total (B)- Gross | 3,542,197.63 | 3,548,862.39 |
| Less: Impairment loss allowance | (8,955.95) | (9,608.31) |
| Total (B)-Net | 3,533,241.68 | 3,539,254.08 |
| (C) | | |
| (I) Loans in India | - | - |
| (ii) Public sector | - | - |
| (iii) Others | 3,542,197.63 | 3,548,862.39 |
| Total (C)- Gross | 3,542,197.63 | 3,548,862.39 |
| Less: Impairment loss allowance | (8,955.95) | (9,608.31) |
| Total (C) (I) - Net | 3,533,241.68 | 3,539,254.08 |
| (II) Loans outside India | - | - |
| Less: Impairment loss allowance | - | - |
| Total (C) (II) - Net | - | - |
| Total Net (C) (III) | 3,533,241.68 | 3,539,254.08 |
| | Note 8 | |
| 8 Investments | | |
| Equity Instruments | | |
| <u>Investment in Quoted Shares</u> | | |
| Shares- PC Jewellers Limited | 3,926.47 | - |
| Shares -Aplaya Creations Limited | 0.00 | - |
| Total | 3,926.47 | - |
| Other Investments | | |
| <u>Investment in India (at cost) Un-Quoted Shares</u> | | |
| 25,000 Equity Shares of M/s Rudraveerya Developers Limited FV Rs 10/- each | 2,589,158.08 | 2,464,235.07 |
| In Agricultural land (at cost): - | 63,101.31 | 63,101.31 |
| Opening Balance | 63,101.31 | 78,029.51 |
| Add: Additions during the year | - | - |
| Less: Sales during the year | - | (14,928.20) |
| Closing Balance | 63,101.31 | 63,101.31 |
| <u>Stamp Paper</u> | 0.10 | 0.10 |
| Total | 2,656,185.96 | 2,527,336.48 |
| 8.1 Carrying amount of investment in associate in accordance with Ind AS 28 in consolidated financial statements" is arrived as follows: | | |
| Initial cost of investments | 229.40 | 229.40 |
| Add: - Goodwill on consolidation | 20.60 | 20.60 |
| Add: - Share in post acquisition profits | 2,588,908.08 | 2,463,985.07 |
| | 2,589,158.08 | 2,464,235.07 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(₹ in '000)

| Particulars | As at 31 Mar 24 | As at 31 Mar 23 |
|--|--------------------|--------------------|
| | Note 9 | |
| 9 Other financial assets | | |
| Security deposits | 45.00 | 45.00 |
| Total | 45.00 | 45.00 |
| | Note 10 | |
| 10 Current tax assets | | |
| Balance with revenue authorities | 39,783.98 | 373.174 |
| Provision for Income Tax | (39,423.43) | - |
| Total | 360.55 | 373.17 |
| | Note 11 | |
| 11 Deferred tax assets (net) | | |
| At start of the year | 135.54 | 135.53 |
| Credit/ (charge) to statement of profit and loss | 50.48 | 0.01 |
| At end of the year | 186.02 | 135.54 |

11.1 Deferred tax asset is recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

11.2 The tax effect of significant timing differences that has resulted in deferred tax assets are given below: -

| Timing difference on account of: | For the year ended on 31 March 2024 | | | |
|----------------------------------|-------------------------------------|--|--|-----------------|
| | Opening balance | Recognised/ reversed through profit and loss | Recognised/ reversed through other comprehensive income | Closing balance |
| Property, plant & equipment | 135.54 | 50.48 | - | 186.02 |
| Total | 135.54 | 50.48 | - | 186.02 |

| Timing difference on account of: | For the year ended on 31 March 2023 | | | |
|----------------------------------|-------------------------------------|--|--|-----------------|
| | Opening balance | Recognised/ reversed through profit and loss | Recognised/ reversed through other comprehensive income | Closing balance |
| Property, plant & equipment | 135.53 | 0.01 | - | 135.54 |
| Total | 135.53 | 0.01 | - | 135.54 |

| | | |
|---|-----------------|-----------------|
| | Note 12 | |
| 12 Property, plant & equipment | | |
| <u>Carrying amount:</u> - | | |
| Office equipment | 0.31 | 0.56 |
| Furniture & fixtures | 0.70 | 0.70 |
| Computers | 25.22 | 1.78 |
| Motor Car | 1,209.28 | 1,758.44 |
| Total | 1,235.51 | 1,761.48 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(₹ in '000)

| Particulars | As at 31 Mar 24 | As at 31 Mar 23 |
|-------------|--------------------|--------------------|
|-------------|--------------------|--------------------|

| Assets | Motor Car | Office equipment | Furniture & fixtures | Computers | Total |
|---|-----------------|------------------|----------------------|--------------|-----------------|
| Cost or Deemed Cost: - | | | | | |
| Balance as at 31 March 2022 | - | 5.29 | 14.00 | 35.60 | 54.89 |
| Additions during the year | 2,163.91 | - | - | - | 2,163.91 |
| Asset disposed/ written off during the year | - | - | - | - | - |
| Balance as at 31 March 2023 | 2,163.91 | 5.29 | 14.00 | 35.60 | 2,218.80 |
| Additions during the year | - | - | - | 24.50 | 24.50 |
| Asset disposed/ written off during the year | - | - | - | - | - |
| Balance as at 31 March 2024 | 2,163.91 | 5.29 | 14.00 | 60.10 | 2,243.30 |
| Accumulated depreciation: - | | | | | |
| Balance as at 31 March 2022 | - | 4.27 | 13.30 | 33.82 | 51.39 |
| Charge for the year | 405.47 | 0.46 | - | - | 405.93 |
| Asset disposed/ written off during the year | - | - | - | - | - |
| Balance as at 31 March 2023 | 405.47 | 4.73 | 13.30 | 33.82 | 457.32 |
| Charge for the year | 549.16 | 0.25 | - | 1.06 | 550.47 |
| Asset disposed/ written off during the year | - | - | - | - | - |
| Balance as at 31 March 2024 | 954.63 | 4.98 | 13.30 | 34.88 | 1,007.79 |
| Carrying amount: - | | | | | |
| Balance as at 31 March 2023 | 1,758.44 | 0.56 | 0.70 | 1.78 | 1,761.48 |
| Balance as at 31 March 2024 | 1,209.28 | 0.31 | 0.70 | 25.22 | 1,235.51 |

12.1 All the above property, plant & equipment are owned by the company unless specified otherwise.

12.2 The company has not made any of change (10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) in the value of Property, Plant & Equipments due to revaluation.

Note 13

13 Other non-financial assets

| | | |
|-------------------------------------|------------------|------------------|
| Advances for purchase of properties | 13,535.18 | 13,535.18 |
| Prepaid Insurance | 11.26 | - |
| Prepaid Expenses | 16.87 | - |
| Total | 13,563.31 | 13,535.18 |

Note 14

14 Borrowings (other than debt securities)

| | | |
|-----------------------------|---------------------|---------------------|
| Loans from related parties* | 728,587.81 | 913,490.14 |
| Loan from others | 2,177,596.78 | 2,122,468.51 |
| Total | 2,906,184.59 | 3,035,958.65 |

* For related party disclosure, refer note 27

Loan from others are the inter corporee loans repayable on demand or as specified.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(₹ in '000)

| Particulars | As at | |
|---------------------------------------|-----------------|-----------------|
| | 31 Mar 24 | 31 Mar 23 |
| | Note 15 | |
| 15 Other financial liabilities | | |
| Advance against sale of investments | 4,800.00 | 4,800.00 |
| Salary Payable | 176.24 | 657.06 |
| Rent Payable | 12.50 | - |
| Cheques Overdrawn | - | - |
| Payable against expenses | - | 680.91 |
| Total | 4,988.74 | 6,137.97 |

| | | |
|---|-------------------|-------------------|
| | Note 16 | |
| 16 Other non financial liabilities | | |
| Advance against joint development agreement | 121,000.00 | 121,000.00 |
| Payable to government authorities | 35,263.09 | 23,764.63 |
| Payable against expenses | 82.46 | - |
| Total | 156,345.55 | 144,764.63 |

| | | | | |
|--|----------------------------|---------------------|----------------------------|---------------------|
| | Note 17 | | | |
| 17 Equity share capital | As at 31 March 2024 | | As at 31 March 2023 | |
| | Nos. | (₹ In '000s) | Nos. | (₹ In '000s) |
| Authorized shares | | | | |
| Equity shares of ₹ 10 each with voting rights | 15,000,000 | 1,500.00 | 15,000,000 | 150,000.00 |
| Total | 15,000,000 | 1,500.00 | 15,001,500 | 150,000.00 |
| Issued, subscribed and fully paid- up shares | | | | |
| Equity shares of ₹ 10 each with voting rights fully paid | 14,738,525 | 147,385.25 | 14,738,525 | 147,385.25 |
| Total | 14,738,525 | 147,385.25 | 14,738,525 | 147,385.25 |

17.1 Reconciliation of number of equity shares and amount outstanding

| | | | | |
|---|----------------------------|---------------------|----------------------------|---------------------|
| | As at 31 March 2024 | | As at 31 March 2023 | |
| | Nos. | (₹ In '000s) | Nos. | (₹ In '000s) |
| <u>Equity Shares</u> | | | | |
| - At the beginning of the period | 14,738,525 | 147,385.25 | 14,738,525 | 147,385.25 |
| - Issued during the year | - | - | - | - |
| Total outstanding at the end of the period | 14,738,525 | 147,385.25 | 14,738,525 | 147,385.25 |

17.2 Terms and rights attached to equity shares

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

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

17.3 Details of shareholders holding more than 5% shares in the company: -

| | | | | |
|---------------------------------------|----------------------------|------------------|----------------------------|------------------|
| | As at 31 March 2024 | | As at 31 March 2023 | |
| | Nos. | % holding | Nos. | % holding |
| Rudraveerya Developers Limited | 3,645,635 | 24.74% | 3,645,135 | 24.73% |
| Ram Gopal Goyal & Sons LLP | 3,672,396 | 24.92% | 3,672,396 | 24.92% |
| Orion infradevelopers Private Limited | 1,322,043 | 8.97% | 1,317,286 | 8.94% |
| Orion Propmart Private Limited | 1,521,354 | 10.32% | 1,514,797 | 10.28% |

As per records, registers and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both

17.4 Details of shares held by promoters in the Company

| Promoter Name | 31st March 2024 | | 31st March 2023 | | % Change during the year |
|----------------------------|-----------------|-------------------|-----------------|-------------------|--------------------------|
| | No of Shares | % of total Shares | No of Shares | % of total Shares | |
| Ram Gopal Goyal & Sons LLP | 3,672,396 | 24.92% | 3,672,396 | 24.92% | - |

17.5 There is no change in promoters shareholding during the period ended March 31, 2024 and March 31, 2023.

SONAL MERCANTILE LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(₹ in '000)

| Particulars | | As at 31 Mar 24 | As at 31 Mar 23 |
|--|--------------------|----------------------------|----------------------------|
| | | | Note 18 |
| 18 Other equity | | | |
| <u>Special Reserve (u/s 45IC of RBI Act, 1934)</u> | | | |
| Balance as per last financial statements | 111,065.78 | 27,323.66 | |
| Add: Transfer from surplus | 48,398.11 | 83,742.12 | |
| Closing balance | | 159,463.89 | 111,065.78 |
| <u>Retained Earnings</u> | | | |
| Balance as per last financial statements | 1,973,207.66 | 1,876,977.37 | |
| Add/(Less): Profit/ (loss) for the year | 117,067.55 | 78,485.64 | |
| Add/(Less): Share of profit in associate | 124,923.01 | 101,486.77 | |
| Less: Transfer to Special Reserve u/s 45-IC of RBI Act | <u>(48,398.11)</u> | <u>(83,742.12)</u> | |
| Net surplus in statement of profit and loss | | 2,166,800.11 | 1,973,207.66 |
| <u>Share premium</u> | | | |
| Opening balance | 72,529.75 | 72,529.75 | |
| Addition/ (deletion) during the year | <u>-</u> | <u>-</u> | |
| Closing balance | | 72,529.75 | 72,529.75 |
| <u>Share of Other Comprehensive Income in Associates</u> | | | |
| Opening Balance | 592,449.58 | 353,711.40 | |
| Transfer from Statement of Profit & Loss | <u>-</u> | <u>238,738.17</u> | |
| Closing balance | | 592,449.58 | 592,449.58 |
| Total | | <u>2,991,243.32</u> | <u>2,749,252.76</u> |

Nature and Purpose of other reserves

Retained earnings

All the profits made by the Company are transferred to retained earnings from statement of profit and loss.

Other comprehensive income

Other comprehensive income represents balance arising on account of changes in fair value of equity instruments carried at fair value through other comprehensive income and gain/(loss) booked on re-measurement of defined benefit plans.

Share Premium

Any premium received on the issue of shares cumulates to this reserve account.

Special Reserve

Every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent. of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

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(₹ in '000)

| Particulars | For the year ended 31 Mar 24 | For the year ended 31 Mar 23 |
|---|---------------------------------|---------------------------------|
| | Note 19 | |
| 19 Revenue from operations | | |
| <u>On financial assets measured at amortized cost:</u> | | |
| - Interest income on loans | 393,161.13 | 263,881.44 |
| Total | 393,161.13 | 263,881.44 |
| | Note 20 | |
| 20 Other income | | |
| Interest on income tax refund | 0.72 | - |
| Income From Trading | 1,425.47 | - |
| Profit/Loss on Sale of Land | - | 791.80 |
| Total | 1,426.19 | 791.80 |
| | Note 21 | |
| 21 Finance cost | | |
| <u>On financial liabilities measured at amortized cost:</u> | | |
| - Interest on borrowings | 232,941.51 | 150,326.57 |
| Total | 232,941.51 | 150,326.57 |
| | Note 22 | |
| 22 Impairment of Financial instrument | | |
| Expected Credit Loss Allowance | (652.36) | 4,162.57 |
| Total | (652.36) | 4,162.57 |
| | Note 23 | |
| 23 Employee benefit expenses | | |
| Salaries and allowances | 2,636.39 | 2,480.06 |
| Staff welfare expenses | 28.72 | 26.51 |
| Total | 2,665.11 | 2,506.57 |
| | Note 24 | |
| 24 Other expenses | | |
| Advertisement & publication expenses | 85.33 | 87.13 |
| CSR Charges | 1,390.00 | 829.35 |
| Duties & Taxes | - | 10.80 |
| Rent | 150.00 | 150.00 |
| Insurance | 16.70 | |
| Payment to statutory auditors | | |
| towards audit fees | 118.00 | 88.50 |
| towards certification | - | - |
| Printing and stationery | 13.17 | 17.89 |
| Miscellaneous expenses | 868.89 | 925.58 |
| Total | 2,642.09 | 2,109.25 |

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**(₹ in '000)**

| Particulars | For the year ended 31 Mar 24 | For the year ended 31 Mar 23 |
|-------------------------------------|---------------------------------|---------------------------------|
| | NOTE 25 | |
| 25 Income tax | | |
| Tax expense comprises of: | | |
| Current tax | (39,423.43) | (26,676.72) |
| Deferred tax charge | 50.48 | 0.01 |
| Earlier years tax adjustments (net) | - | - |
| and loss | (39,372.95) | (26,676.71) |

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.168% and the reported tax expense in profit or loss are as follows:

| | | |
|---|------------|------------|
| Accounting profit before income tax | 156,440.50 | 105,162.35 |
| At India's statutory income tax rate of 25.168% | 39,372.95 | 26,467.26 |

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

| | | |
|--|------------------|------------------|
| Tax impact of expenses which will never be allowed | - | - |
| Earlier years tax adjustments (net) | - | - |
| Others | - | 209.45 |
| Income tax expense | 39,372.95 | 26,676.71 |

Note 26

| | | |
|--|----------------|----------------|
| 26 Earning Per Shares: (in ₹) | | |
| Profit for the year (₹) | 241,990,563.35 | 179,972,406.61 |
| Amount available for equity shareholders (₹) | 241,990,563.35 | 179,972,406.61 |
| Weighted average number of equity shares | 13,151,081 | 12,915,347.55 |
| Earning per share - Basic and diluted (₹) | 18.40 | 13.93 |
| Face value per equity share (₹) | 10.00 | 10.00 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

27 Related parties

Note 27

As per Ind AS 24, the disclosures of transactions with the related parties are given below: -

27.1 List of related parties where control exists and also related parties with whom transactions have taken place and relationship: -

| | | | |
|-------|--|--|-------------------------|
| (i) | Associate Company | Rudraveerya Developers Limited | |
| (ii) | Key Management Personnel | Vikram Goyal | Executive Director |
| | | Rajan Goyal | Non-Executive Director |
| | | Rohit Saraogi | Chief Financial Officer |
| | | Akshay Khare | Company Secretary |
| | | Deepak | Independent Director |
| | | Rati Goswami | Independent Director |
| | | Pardeep Kumar | Independent Director |
| (iii) | Relatives of Key Management Personnel | | |
| (iv) | Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives | No transactions have been entered into with such parties | |

27.2 Following transactions are made with the related parties covered under Ind AS- 24 on "Related Parties Disclosure": -

(₹ in '000)

| Particulars | Associate/Enterprises over which KMP have significant influence | | KMP | | Total | |
|---|---|-------------------|-----------------|---------------|---------------------|-------------------|
| | 31.03.2024 | 31.03.2023 | 31.03.2024 | 31.03.2023 | 31.03.2024 | 31.03.2023 |
| Transactions during the year | | | | | | |
| Loan Taken | 1,234,107.50 | 817,220.09 | - | - | 1,234,107.50 | 817,220.09 |
| Rudraveerya Developers Ltd | 1,234,107.50 | 817,220.09 | - | - | 1,234,107.50 | 817,220.09 |
| Loan repaid | 1,481,960.00 | 261,200.00 | - | - | 1,481,960.00 | 261,200.00 |
| Rudraveerya Developers Ltd | 1,481,960.00 | 261,200.00 | - | - | 1,481,960.00 | 261,200.00 |
| Finance Cost | 69,944.63 | 35,698.92 | - | - | 69,944.63 | 35,698.92 |
| Rudraveerya Developers Ltd | 69,944.63 | 35,698.92 | - | - | 69,944.63 | 35,698.92 |
| Remuneration | - | - | 1,043.57 | 963.98 | 1,043.57 | 963.98 |
| Rohit Saraogi | - | - | 600.00 | 600.00 | 600.00 | 600.00 |
| Akshay Khare | - | - | 443.57 | 336.03 | 443.57 | 336.03 |
| Prabhjeet Kaur | - | - | - | 27.95 | - | 27.95 |
| Balances outstanding at year end | | | | | | |
| Loan Payable | 665,637.64 | 881,361.11 | - | - | 665,637.64 | 881,361.11 |
| Rudraveerya Developers Ltd | 665,637.64 | 881,361.11 | - | - | 665,637.64 | 881,361.11 |
| Interest Payable | 62,950.17 | 32,129.02 | - | - | 62,950.17 | 32,129.02 |
| Rudraveerya Developers Ltd | 62,950.17 | 32,129.02 | - | - | 62,950.17 | 32,129.02 |
| Remuneration Payable | - | - | 86.23 | 130.56 | 86.23 | 130.56 |
| Rohit Saraogi | - | - | 47.87 | 95.75 | 47.87 | 95.75 |
| Akshay Khare | - | - | 38.36 | 34.81 | 38.36 | 34.81 |

Note 28

28 Ratio Analysis and its components

| S.No. | Particulars | 31 Mar 24 | 31 Mar 23 | % change from March 31 2023 to March 31 2024 |
|-------|--|-----------|-----------|--|
| 1 | Capital to risk -weighted asset ratio (CRAR) | 50.59% | 37.49% | 34.92% |
| 2 | Tier I CRAR | 50.59% | 37.49% | 34.92% |
| 3 | Tier II CRAR | 0.00% | 0.00% | 0.00% |
| 4 | Liquidity Coverage Ratio | -0.48% | 4.81% | -109.98% |

Reasons for variance of more than 25% in above ratios

- (a) CRAR has increased as Risk Weighted Assets increased more than the increase in tier 1 capital during the year ended on 31st March 2024 as compared to previous year.
- (b) Liquidity Coverage Ratio has decreased due to increase in cash and cash equivalent increased more than increase in Net cash outflows during the year ended on 31st March 2024 as compared to previous year.

Components of Ratio

(₹ In '000s)

| S.No. | Ratios | Numerator | Denominator | 31 Mar 24 | | 31 Mar 23 | |
|-------|--|---|----------------------|--------------|--------------|--------------|--------------|
| | | | | Numerator | Denominator | Numerator | Denominator |
| 1 | Capital to risk -weighted asset ratio (CRAR) | Tier I Capital + Tier II Capital - Investment in subsidiaries | Risk Weighted Assets | 3,138,628.57 | 6,204,271.49 | 2,304,188.44 | 6,145,484.67 |
| 2 | Tier I CRAR | Tier I | Risk Weighted Assets | 3,138,628.57 | 6,204,271.49 | 2,304,188.44 | 6,145,484.67 |
| 3 | Tier II CRAR | Tier II | Risk Weighted Assets | - | 6,204,271.49 | - | 6,145,484.67 |
| 4 | Liquidity Converge Ratio | Highly qualified Liquid assets | Net Cash outflow | 1,329.38 | (277,156.37) | 1,058.34 | 22,025.26 |

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29 The consolidated financial statements were approved for issue by the Board of Directors on 30th day of May, 2024. Note 29

30 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Note 30

31 There has been no delay in transferring amounts, if required to be transferred, to the Investor Education and Protection Fund by the Company. Note 31

32 **Corporate Social Responsibility (CSR)** Note 32

32.1 The Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. The Company's objective is to pro-actively support meaningful socio-economic development. As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.sonalmercantile.in and the company is required to spend for CSR activities in accordance with the same. The details of the CSR expenses for the year are as under:

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|-------------------------------------|------------------------------|------------------------------|
| For Corporate Social Responsibility | 1,390.00 | 829.35 |
| Total | 1,390.00 | 829.35 |

| | | |
|---|----------|----------|
| a) Gross amount required to be spent by the Company during the year | 1,654.28 | 1,135.83 |
| b) Un-utilised Amount brought forward from previous year | 963.31 | 656.83 |
| c) Excess Amount spent last year brought forward | - | - |
| d) Amount of Expenditure incurred during the year | 1,390.00 | 829.35 |
| e) Shortfall at the end of the year | 1,227.59 | 963.31 |
| f) Total of Previous Year Shortfall | - | - |
| g) Un-utilised Amount carried forward to next year | - | - |
| h) Excess Amount spent carried forward to next year | - | - |
| i) Details of related party transactions e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | Nil | Nil |
| j) where a provision is made with respect to a liability incurred by entering into a contractual obligations, the movements in the provision during the year shall be shown separately. | Nil | Nil |

32.2 The Company has not spent the entire amount during the FY 23-24. However the Company has transferred the amount of Rs 12,50,000/- to a separate Unspent CSR Bank Account and will spend the same in due course as per the applicable provisions of the Companies Act, 2013

33 **Disclosure as per IND AS: 27, Separate Financial Statement** Note 33

Interest in Associate

| Name of the Entity | Place of Business/ Country of Incorporation | Proportion of Ownership Interest | |
|--------------------------------|---|----------------------------------|------------------|
| | | As at March 2024 | As at March 2023 |
| Rudraveerya Developers Limited | India | 43.54% | 50% |

The company's share of assets, Liabilities, income and expenses of Associate is as follows:

| Name of the Associate | Financial year | Income | Expenses | Profit |
|--------------------------------|----------------|------------|------------|------------|
| Rudraveerya Developers Limited | 2023-2024 | 369,476.46 | 245,214.53 | 124,923.01 |
| | 2022-2023 | 204,214.05 | 105,414.49 | 101,486.77 |

34 Figures have been rounded off to the nearest thousands of rupees. Note 34

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

36 Financial instruments

NOTE 36

Fair values hierarchy

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial instruments by category

Categories of Financial Instruments and its fair value measurement

(₹ in 000's)

| Particulars | 31 March 2024 | | | 31 March 2023 | | |
|------------------------------------|---------------|-------|---------------------|---------------|-------|---------------------|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments | - | - | 2,656,185.96 | - | - | 2,527,336.48 |
| Trade receivables | - | - | 0.05 | - | - | - |
| Loans | - | - | 3,533,241.68 | - | - | 3,539,254.08 |
| Cash and cash equivalents | - | - | 1,329.38 | - | - | 1,058.34 |
| Other financial assets | - | - | 45.00 | - | - | 45.00 |
| Total financial assets | - | - | 6,190,802.07 | - | - | 6,067,693.90 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 2,906,184.59 | - | - | 3,035,958.65 |
| Other financial liabilities | - | - | 4,988.74 | - | - | 6,137.97 |
| Other non financial liabilities | - | - | 156,345.55 | - | - | 144,764.63 |
| Total financial liabilities | - | - | 2,911,173.33 | - | - | 3,042,096.62 |

Investment in associate is measured at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures". Hence, the same have been excluded from the above table.

Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

| Particulars | Level | 31 March 2024 | | 31 March 2023 | |
|------------------------------------|---------|---------------------|---------------------|---------------------|---------------------|
| | | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | | |
| Loans | Level 3 | 3,533,241.68 | 3,533,241.68 | 3,539,254.08 | 3,539,254.08 |
| Total financial assets | | 3,533,241.68 | 3,533,241.68 | 3,539,254.08 | 3,539,254.08 |
| Financial liabilities | | | | | |
| Borrowings | Level 3 | 2,906,184.59 | 2,906,184.59 | 3,035,958.65 | 3,035,958.65 |
| Other financial liabilities | Level 3 | 4,988.74 | 4,988.74 | 6,137.97 | 6,137.97 |
| Total financial liabilities | | 2,911,173.33 | 2,911,173.33 | 3,042,096.62 | 3,042,096.62 |

The management assessed that cash and cash equivalents, trade receivables, other receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

37 FINANCIAL RISK MANAGEMENT

NOTE 37

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|-----------------------------|---|-----------------------------|---|
| Credit risk | Cash and cash equivalents, loans, Investments, trade receivables, other financial assets. | Ageing analysis | Bank deposits, diversification of asset base, credit limits and collateral. |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities. |
| Market risk - interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Negotiation of terms that reflect the market factors. |

Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables, Loans and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management

Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial

- A: Low
- B: Medium
- C: High

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The Company provides for expected credit loss based on the following:

| | Basis of categorisation | Provision for expected credit loss |
|--------|---|---|
| Low | Cash and cash equivalents, investments, other bank balances, loans, trade | Life time expected credit loss or 12 month expected credit loss |
| Medium | Trade receivables and other financial | Life time expected credit loss or 12 month expected credit loss |
| High | Trade receivables and other financial | Life time expected credit loss fully provided for |

Life time expected credit loss is provided for trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

| Credit rating | 31 March 2024 | 31 March 2023 |
|----------------------|----------------------|----------------------|
| A: Low | - | - |
| B: Medium | - | - |
| C: High | - | - |

Concentration of trade receivables, Loans

The Company's exposure to credit risk for trade receivables is Nil.

Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets -

As at 31 March 2024

| Particulars | Estimated gross | Expected credit | Carrying amount |
|---------------------------|------------------------|------------------------|------------------------|
| Cash and cash equivalents | 1,329.38 | - | 1,329.38 |
| Investment | 2,656,185.96 | - | 2,656,185.96 |
| Other bank balances | - | - | - |
| Loans | 3,533,241.68 | 8,955.95 | 3,524,285.73 |
| Other financial assets | 45.00 | - | 45.00 |

As at 31 March 2023

| Particulars | Estimated gross | Expected credit | Carrying amount |
|---------------------------|------------------------|------------------------|------------------------|
| Cash and cash equivalents | 1,058.34 | - | 1,058.34 |
| Investment | 2,527,336.48 | - | 2,527,336.48 |
| Other bank balances | - | - | - |
| Loans | 3,539,254.08 | (9,608.31) | 3,548,862.39 |
| Other financial assets | 45.00 | - | 45.00 |

Reconciliation of loss provision - lifetime expected credit losses

| Reconciliation of loss allowance | Loans | Other financial asset |
|---|-----------------|------------------------------|
| Loss allowance as on 31 March 2022 | 5,445.74 | - |
| Impairment loss recognised/reversed during the year | 4,162.57 | - |
| Amounts written off | - | - |
| Loss allowance on 31 March 2023 | 9,608.31 | - |
| Impairment loss recognised/reversed during the year | (652.36) | - |
| Amounts written off | - | - |
| Loss allowance on 31 March 2024 | 8,955.95 | - |

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

| 31 March 2024 | Less than 1 year | More than 1 year | Total |
|-----------------------------|-------------------------|-------------------------|---------------------|
| Non-derivatives | | | |
| Borrowings | - | 2,906,184.59 | 2,906,184.59 |
| Trade payable | - | - | - |
| Other financial liabilities | 188.74 | 4,800.00 | 4,988.74 |
| Derivatives | | | |
| Derivative liability | - | - | - |
| Total | 188.74 | 2,910,984.59 | 2,911,173.33 |

| 31 March 2023 | Less than 1 year | More than 1 year | Total |
|-----------------------------|-------------------------|-------------------------|---------------------|
| Non-derivatives | | | |
| Borrowings | - | 3,035,958.65 | 3,035,958.65 |
| Trade payable | - | - | - |
| Other financial liabilities | 1,337.97 | 4,800.00 | 6,137.97 |
| Derivatives | | | |
| Derivative liability | - | - | - |
| Total | 1,337.97 | 3,040,758.65 | 3,042,096.62 |

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Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

| Particulars | 31 March 2024 | 31 March 2023 |
|-------------------------|---------------------|---------------------|
| Variable rate borrowing | - | - |
| Fixed rate borrowing | 2,906,184.59 | 3,035,958.65 |
| Total borrowings | 2,906,184.59 | 3,035,958.65 |

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| Particulars | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| Interest rates – increase by 50 basis points | (14,530.92) | (15,179.79) |
| Interest rates – decrease by 50 basis points | 14,530.92 | 15,179.79 |

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NOTE 38

Capital management

The Company's objectives when managing capital are to:

- To ensure Company's ability to continue as a going concern, and
- To provide adequate return to shareholders

Management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company manages its capital requirements by overseeing the

| Particulars | 31 March 2024 | 31 March 2023 |
|---------------------------------|---------------|---------------|
| Net debt* | 2,904,855.21 | 3,034,900.31 |
| Total equity | 3,138,628.57 | 2,896,638.01 |
| Net debt to equity ratio | 0.93 | 1.05 |

*Net debt = non-current borrowings + current borrowings + current maturities of non-current borrowings + interest accrued - cash and cash equivalents

39 Disclosure as per Ind AS 115: Revenue from contract with customers

NOTE 39

Ind AS 115 requires disclosure of major changes on account of revenue recognised in the reporting period from the contract liability balance at the beginning of the period and other changes, as summarised below:

| Description | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Contract liabilities at the beginning of the year | - | - |
| Less: performance obligations satisfied in current year | - | - |
| Add: advance received during the year. | - | - |
| Contract liabilities at the end of the year | - | - |

Disaggregation of revenue

Revenue arises mainly from the Interest income on loans.

| Description | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-----------------|-----------------------------|-----------------------------|
| Interest Income | 393,161.13 | 263,881.44 |
| | 393,161.13 | 263,881.44 |

| Geographical markets | Year ended 31 March 2024 | Year ended 31 March 2023 |
|----------------------|-----------------------------|-----------------------------|
| India | 393,161.13 | 263,881.44 |
| Others | - | - |
| | 393,161.13 | 263,881.44 |

Reconcile the amount of revenue recognised in the statement of profit and loss with the contracted price

| Description | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Revenue recognised during the year | 393,161.13 | 263,881.44 |
| Less: Discount, rebates, credits etc. | - | - |
| Add/Less: Any adjustment during the year | - | - |
| Revenue as per the contract | 393,161.13 | 263,881.44 |

Timing of Revenue recognition:

| Description | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-------------------------------------|-----------------------------|-----------------------------|
| Revenue recognised at point in time | | |
| Interest Income | 393,161.13 | 263,881.44 |
| | 393,161.13 | 263,881.44 |

Additional Regulatory Disclosures**(i) Details of Benami Property held**

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.

(ii) Wilful defaulter

The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(iii) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(iv) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vi) Utilization of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(ix) Valuation of Property, Plant & Equipment, intangible asset and investment property

The Company has not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

(x) Title deeds of immovable properties not held in name of the company

The Company does not have any immovable property.

(xi) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period. Corporate Guarantee given by the company to subsidiary company is not liable for charge registration.

For and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED

VIKRAM GOYAL
Whole Time Director
DIN: 00381115

RAJAN GOYAL
Director
DIN: 02600825

ROHIT SARAOGI
CFO
PAN: BVCP54684L

AKSHAY KHARE
Company Secretary
PAN : FMRPK3637K