

ANNUAL REPORT **2018-2019**



CONTENTS

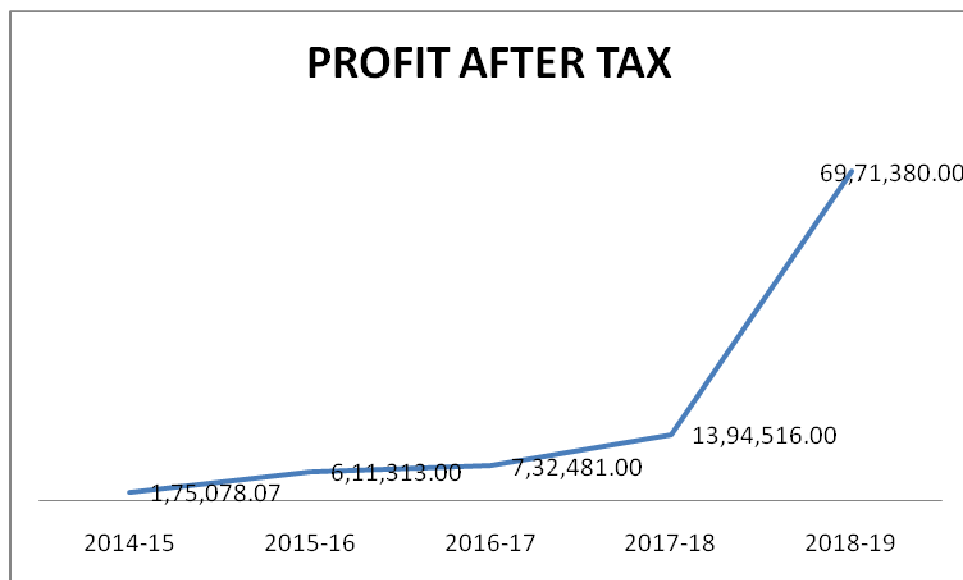
| Serial No. | Particulars | Page Number |
|------------|---|-------------|
| 1. | Chairman's Message | 1 |
| 2. | Company's Information | 2-3 |
| 3. | Boards' Report | 4-25 |
| 4. | Management Discussion and Analysis Report | 26-28 |
| 5. | Corporate Governance Report | 29-45 |
| 6. | Standalone Financial Statements | 46-63 |
| 7. | Consolidated Financial Statements | 64-79 |
| 8. | Notice of AGM | 80-94 |
| 9. | Attendance Sheet & Proxy Form | 95 |
| 10. | AGM Route MAP | 96 |

Important Communication to Members

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

Financial Highlights of Last Five Years

| Particulars | 2014-15 (in Rs.) | 2015-16 (in Rs.) | 2016-17 (in Rs.) | 2017-18 (in Rs.) | 2018-19 (in Rs.) |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Revenue | 2,32,74,126.20 | 2,33,27,765.00 | 2,59,05,333.00 | 2,79,57,353.00 | 4,21,03,548.00 |
| Profit Before Tax | 4,23,977.07 | 11,13,587.00 | 11,57,172.00 | 19,43,135.00 | 94,17,924.00 |
| Profit After Tax | 1,75,078.07 | 6,11,313.00 | 7,32,481.00 | 13,94,516.00 | 69,71,381.00 |
| Shareholders Fund | 22,09,30,294.75 | 22,14,10,473.00 | 22,22,75,192.00 | 22,36,46,465.00 | 22,90,79,561.00 |
| Earnings Per Share | 0.01 | 0.04 | 0.04 | 0.09 | 0.47 |
| Book Value Per Share | 14.97 | 14.98 | 15.02 | 15.08 | 15.54 |



Chairman's Message

Dear Members

It's a pleasure to present the Annual Report of Financial Year 2018-2019 of your Company. This year was remarkable; your Company had earned profit of Rs. 69.71 Lakh which was highest of last five year's profit. It's only because of your trust and loyalty on the Company. I am very thankful to you and our team.

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

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

Once again, I am very thankful to the entire 'SML Team' and to 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 |
| Ms. Tanisha Bhagat | - | Independent Director <i>(With effect from Nov 23, 2018)</i> |
| Mr. Deepak | - | Independent Director <i>(With effect from Mar 26, 2019)</i> |

KEY MANAGERIAL PERSONNEL

| | | |
|-------------------|---|---|
| Mr. Vikram Goyal | - | Whole Time Director |
| Mr. Rohit Saraogi | - | Chief Financial Officer <i>(With effect from on May 22, 2018)</i> |

STATUTORY AUDITOR

M/s V.N. Purohit & Co., Chartered Accountants
214, New Delhi House, 2nd Floor, 27, Barakhamba Road, New Delhi-110001
Email: vnppdelhi@vnppaudit.com Website: www.vnppaudit.com

SECRETARIAL AUDITOR

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

372, 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

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

| <u>NAME OF COMMITTEE</u> | <u>NAME OF MEMBERS</u> | <u>DESIGNATION</u> |
|--|-------------------------------------|------------------------|
| <u>NOMINATION AND REMUNERATION COMMITTEE</u> | Ms. Tanisha Bhagat (Chairperson) | Independent Director |
| | Mr. Deepak (Member) | Independent Director |
| | Mr. Rajan Goyal (Member) | Non Executive Director |
| | | |
| <u>AUDIT COMMITTEE</u> | Mr. Deepak (Chairman) | Independent Director |
| | Ms. Tanisha Bhagat (Member) | Independent Director |
| | Mr. Rajan Goyal (Member) | Non Executive Director |
| | | |
| <u>STAKEHOLDERS RELATIONSHIP COMMITTEE</u> | Mr. Deepak (Chairman) | Independent Director |
| | Ms. Tanisha Bhagat (Member) | Independent Director |
| | Mr. Rajan Goyal (Member) | Non Executive Director |
| | | |
| <u>RISK MANAGEMENT COMMITTEE</u> | Mr. Deepak (Chairman) | Independent Director |
| | Mr. Rajan Goyal (Member) | Non Executive Director |
| | Mr. Vikram Goyal (Member) | Executive Director |

BOARDS' REPORT

Dear Members

Your Directors present the **Thirty Fourth Annual Report** of your Company together with the **Audited Financial Statements** of the Company for the Financial Year ended **March 31, 2019**.

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, 2019 (In Lakh) | March 31, 2018 (In Lakh) |
| Total Income | 421.03 | 279.57 |
| Total Expenditure | 326.85 | 260.14 |
| Profit/(Loss) before tax | 94.17 | 19.43 |
| Profit/(Loss) after tax | 69.71 | 13.94 |
| Paid-up Share Capital | 1473.85 | 1473.85 |
| Reserves and Surplus | 816.94 | 762.61 |

3. Operating Highlights

During the year under review, revenue from operation of the Company is Rs. 421.03 Lakh as compared to Rs. 279.57 Lakh in the previous year. The Company earned a profit of Rs. 69.71 Lakh net of taxes as compared to Rs. 13.94 Lakh in the previous year. Your Directors are putting in their best efforts to improve the performance of the Company.

4. Company's Affairs

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

5. Dividend

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

6. Share Capital

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

7. Fixed Deposits

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

8. Listing Agreement

Your Company is listed on BSE Limited and complied with all the requirements of Listing Agreement. Also, your Company has already paid listing fees for the Financial Year 2019-20 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, 2019.

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. 13.94 Lakh to the Special Reserve u/s 45-IC of the RBI Act, 1934 out of current year's profits.

12. Directors

❖ Number of Meetings of the Board

During the year, 14 (Fourteen) 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. The web link of the policy is <http://www.sonalmercantile.in/investors-information.php>.

❖ Declaration by Independent Directors

All Independent Directors have given declarations under section 149(7) of the Companies Act, 2013 that, they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

❖ Evaluation of the performance of the Board

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The criteria applied in the evaluation process are explained in the Corporate Governance Report.

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

❖ Familiarization Programme for Independent Directors

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a Familiarization Programme for its Independent Directors to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the Familiarization Programme are explained in the Corporate Governance Report. The same is also available on the website of the Company at www.sonalmmercantile.in.

❖ Inductions

During the Financial Year 2018-2019, Mr. Rajan Goyal and Ms. Tanisha Bhagat have been appointed on the Board with effect from November 23, 2018 as Additional Directors, who were regularized as Director in the Extra Ordinary General Meeting held on 15-03-2019. Mr. Vikram Goyal has been appointed as Whole time director w.e.f. 23.11.2018. Mr. Deepak has been appointed on the Board with effect from March 26, 2019 as Additional director.

❖ 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.

❖ Resignation

During the year under review, Ms. Anu Aggarwal resigned w.e.f 18.09.2018, Mr. Deep Chand Singhal and Mr. Sunil Kumar w.e.f. 23.11.2018, Mr. Naresh Poddar w.e.f. 19.01.2019 and Mr. Vikram Sharma w.e.f 25.03.2019.

❖ 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 are:

| S. No. | Name of Key Managerial Personnel | Designation | Appointment/Cessation |
|--------|----------------------------------|-------------------------|-----------------------|
| 1. | Mr. Vikram Goyal | Whole Time Director | November 23, 2018 |
| 2. | Mr. Rohit Saraogi | Chief Financial Officer | May 22, 2018 |
| | | | |

13. Committees of the Board

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

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

14. Subsidiary Companies/Associate Companies/Joint Ventures

The Company 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 and the web link is <http://www.sonalmercantile.in/investors-information.php>.

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

The Company has already in place a well framed Vigil Mechanism/ Whistle Blower Policy for Directors and Employees. The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees willing to raise a concern about irregularities within the Company. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. This policy is also placed on the website of the Company.

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

17. Business Risk Management Policy

Pursuant to section 134(3)(n) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has constituted a Risk Management Committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Annual report. The Company has implemented Risk Management Policy and the Board of Directors has prepared a comprehensive framework of risk management for assessment of risks and to determine the responses to these risks so as to minimize their adverse impact on the organization.

The policy as approved by the Board of Directors is uploaded on Company's website at <http://www.sonalmercantile.in/investors-information.php>.

18. Prevention of Insider Trading

The Company has already adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and certain designated employees of the Company. All Board Directors and the designated employees have confirmed compliance with the Code. The Code is uploaded on Company's website at <http://www.sonalmercantile.in/investors-information.php>.

19. Auditors

❖ Statutory Auditors

The shareholders of the Company had appointed M/s V.N. Purohit & Co., Chartered Accountants, (ICAI Firm's Registration No. 304040E) as Statutory Auditors for a period of three (3) years commencing from the Thirtieth AGM till the conclusion of the Thirty Third (33rd) AGM, subject to ratification by Members every year to conduct the Statutory Audit of the company.

M/s V. N. Purohit & Co. (Chartered Accountants) is doing the Statutory Audit of the Company from last Six (6) years and left with a term of four (4) years as per the applicable provisions of Companies Act, 2013, therefore, based on the recommendation of the Audit Committee, the Board of Directors have decided to recommend to the members of the Company for their approval the appointment of M/s V. N. Purohit & Co. again as the Statutory Auditor of the Company for a term of 4 years.

❖ Auditors' Report

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

❖ Secretarial Auditor

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed *Mr. Nitin Gupta (Practicing Company Secretary)* to undertake the Secretarial Audit of the Company for Financial Year 2018-19. There is no qualification, reservation or adverse remark made in his Secretarial Audit Report. The Audit Report is annexed herewith as "Annexure A".

❖ Reporting of frauds by Auditors

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

20. Extract of Annual Return

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

21. Corporate Social Responsibility

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

22. Prudential Norms & Directions of RBI for NBFCs

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

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

- i. **Conservation of Energy & Technology Absorption:** The Company, being a Non-Banking Finance Company (NBFC), does not have any manufacturing activity. The directors, therefore, have nothing to report on 'Conservation of Energy and Technology Absorption'.
- ii. **Foreign Exchange Earnings and Outgo:** The foreign exchange earnings and outgo are given below:

| Particulars | 2018-19 (Rs.) | 2017-18 (Rs.) |
|---------------------------|---------------|---------------|
| Foreign Exchange Earnings | 0 | 0 |
| Foreign Exchange outgo | 0 | 0 |

24. Particulars of Employees

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, forms part of this report and annexed herewith as “**Annexure C**”.

25. Related Party Transactions

All the Related Party Transactions are entered into by the Company, at arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company's Policy on Related Party Transactions. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 is mentioned in Form AOC-2. (“**Annexure D**”)

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

26. Sexual Harassment

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

During the Year 2018-19, no complaint was received by the Company related to sexual harassment.

27. Business Responsibility Report

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

28. Corporate Governance

The Company is committed to maintain the steady standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. A Report on Corporate Governance regarding compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual Report and also a Certificate from the Practicing Company Secretary of the Company regarding compliance with the conditions of Corporate Governance forms a part of this Report.

29. Management's Discussion and Analysis Report

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

30. Disclosures under the Act

❖ Significant and Material Orders

No significant and material order was passed against the Company by any regulator or court or tribunal impacting going concern status and company's operations in future.

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

There are NO material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2019 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. 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: June 12, 2019
Place: New Delhi**

**Sd/-
Vikram Goyal
Whole Time Director
DIN: [00381115](#)**

**Sd/-
Rajan Goyal
Director
DIN: [02600825](#)**

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

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

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

Based on my verification of the **Sonal Mercantile Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 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, 2019 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);

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;
- (j) Reserve Bank of India Act, 1934

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI);
- (ii) The Listing Agreement as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, entered into by the Company with BSE Limited.

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

1. The Company Secretary of the Company Ms. Richa Sharma has resigned w.e.f. 13.02.2019. The position of Company Secretary of the Company is vacant as on 31.03.2019. The Company is advised to appoint a full time Company Secretary as per section 203 of the Companies Act, 2013 within six months of resignation of the aforesaid CS.
2. The Company received a show cause notice dated 22-03-2018, from the Reserve bank of India (RBI), for non-compliance with KYC guidelines under Prevention of Money Laundering Act and directions of the RBI. The notice stated that the Company is placed under High Risk Financial Institution (HRFI) for not intimating particulars of Principal Officer to the RBI. The Company submitted its reply on 02-04-2018 stating that all formalities of registration of Principal Officer has been complied with and hence name of company be removed from 'High Risk Financial Institution' (by FIU-IND). The Company received emails from RBI on 16-05-2018 and 22-05-2018 stating that Company's name shall be removed from High Risk Financial Institution (HRFI) list, in next quarter.

I further report that

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

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

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

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

I further report that during the audit period, there were following instances:

- (i) Successful completion of the Open Offer procedure whereby M/s Ram Gopal Goyal and Sons LLP, Mr. Vikram Goyal and Mr. Rajan Goyal will act the new promoters of the Company.
- (ii) New promoters have been inducted and existing promoters will be reclassified as non-promoters. The Board approval for the same has been obtained but the shareholder's approval is yet to be obtained.
- (iii) Change in directors and Key Managerial persons are as follows:
- (a) Mr. Rohit Saraogi was appointed as CFO w.e.f. 22-05-2018
 - (b) Mr. Naresh Poddar was appointed as Additional Independent Director w.e.f. 30-05-2018 and regularized at Annual General Meeting held on 29-09-2018. He resigned from directorship on 19-01-2019
 - (c) Ms. Anu Aggarwal was appointed as Additional Independent Director w.e.f. 13-08-2018 and resigned on 18-09-2018
 - (d) Ms. Tanisha Bhagat, Mr. Vikram Goyal and Mr. Rajan Goyal were appointed as Additional Directors while Mr. Deep Chand Singhal and Mr. Sunil Kumar resigned from directorship w.e.f. 23-11-2018. Ms. Tanisha Bhagat and Mr. Rajan Goyal was regularized at Extraordinary General meeting held on 15-03-2019
 - (e) Mr. Vikram Goyal was appointed as Whole Time Director for a term of five years from 23-11-2018 to 22-11-2023.
 - (f) Ms. Richa Sharma resigned from the position of Company Secretary w.e.f. 13-02-2019.
 - (g) Mr. Vikram Sharma resigned from the position of Director w.e.f. 25-03-2019.
 - (h) Mr. Deepak was appointed as Additional Independent Director w.e.f. 26-03-2019
- (iv) The borrowing limit of the Company, under section 180(1)(c) has been approved upto Rs. 500 crores in the Extraordinary General Meeting of members held on 15-03-2019

Place: New Delhi
Date: 27th May, 2019

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

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

'ANNEXURE 1' TO THE SECRETARIAL AUDIT REPORT

27-05-2019

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

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

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

**Place: New Delhi
Date: 27th May, 2019**

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

FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN****AS ON FINANCIAL YEAR ENDED ON 31/03/2019**

[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 | 372, 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, Vardhman Grand Plaza, Mangalam Place, Near M2K, Sector-3, Rohini, New Delhi | U70109DL2016PLC304243 | Associate | 50 | 2 |

IV. 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 the End of the Year 31/03/2018 | | | | Shares Held at the End of the Year 31/03/2019 | | | | % 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 | 644945 | 0 | 644945 | 4.38 | 0 | 0 | 0 | 0 | -4.38 |
| b) | Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) | State Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) | Bodies Corporate | 0 | 0 | 0 | 0 | 3527401 | 0 | 3527401 | 23.93 | 23.93 |
| e) | Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) | Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (A)(1) | 644945 | 0 | 644945 | 4.38 | 3527401 | 0 | 3527401 | 23.93 | 19.55 |
| 2 | Foreign | | | | | | | | | |
| a) | NRI Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) | Other Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) | Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) | Banks /FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) | Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Shareholding of Promoters[A]=(A1)+(A2) | 644945 | 0 | 644945 | 4.38 | 3527401 | 0 | 3527401 | 23.93 | 19.55 |
| B | Public Shareholding | | | | | | | | | |
| 1 | Institutions | | | | | | | | | |
| a) | Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) | Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) | Central Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) | State Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) | Venture Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) | Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) | FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) | Foreign Venture Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) | Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| j) | Any Other Foreign | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (B)(1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Non-Institutions | | | | | | | | | |
| a) | Bodies Corporate | | | | | | | | | |
| 1) | Indian | 3854463 | 3874020 | 7728483 | 52.44 | 6408706 | 274645 | 6683351 | 45.35 | -7.09 |
| 2) | Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) | Individuals | | | | | | | | | |
| 1) | Individual shares holders having nominal share capital upto Rs. 1,00,000 | 424252 | 190465 | 614717 | 4.17 | 275614 | 163934 | 439548 | 2.98 | -1.19 |
| 2) | Individual Shareholders Holding Nominal Share Capital Above Rs. 1 Lac | 3198773 | 1615090 | 4813863 | 32.66 | 1416185 | 1693496 | 3109681 | 21.1 | -11.56 |
| c) | Others | | | | | | | | | |
| a) | HUF | 906267 | 30250 | 936517 | 6.35 | 642768 | 0 | 642768 | 4.36 | -1.99 |
| b) | Non Resident Indian | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) | Foreign National | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) | Clearing Members | 0 | 0 | 0 | 0 | 335776 | 0 | 335776 | 2.28 | 2.28 |
| e) | Trust | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) | Foreing Bodies-DR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) | NBFC Registered With RBI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (B)(2) | 8383755 | 5709825 | 14093580 | 95.62 | 9079049 | 2132075 | 11211124 | 76.07 | |
| | Total Public Shareholding (B)=(B1)+(B2) | 8383755 | 5709825 | 14093580 | 95.62 | 9079049 | 2132075 | 11211124 | 76.07 | |
| C) | Shares Held By Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Grand Total | 9028700 | 5709825 | 14738525 | 100 | 12606450 | 2132075 | 14738525 | 100 | |

(ii) **Shareholding of Promoters:**

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year (01-04-2018) | | | Shareholding at the end of the year (31-03-2019) | | | % change in share holding during the year |
|--------|--------------------------------|--|----------------------------------|--|--|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Vishnu Mittal | 50000 | 0.34 | 0 | 0 | 0 | 0 | -0.34 |
| 2. | Deep Chand Singhal | 37500 | 0.25 | 0 | 0 | 0 | 0 | -0.25 |
| 3. | Sunil Kumar | 180360 | 1.22 | 0 | 0 | 0 | 0 | -1.22 |
| 4. | Chetna Singhal | 33335 | 0.23 | 0 | 0 | 0 | 0 | -0.23 |
| 5. | Savitiri Mittal | 343750 | 2.33 | 0 | 0 | 0 | 0 | -2.33 |
| 6. | Vikram Goyal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. | Rajan Goyal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. | M/s Ram Gopal Goyal & Sons llp | 0 | 0 | 0 | 3527401 | 23.93 | 0 | +23.93 |
| | Total | 644945 | 4.38 | 0 | 3527401 | 23.93 | 0 | +19.55 |

(iii) Change in Promoters' Shareholding:

| Sr. no | Name | Shareholding at the beginning of the year (as on 01-04-2018) | | Date | Increase/ Decrease in share-holding | Reason | Cumulative Shareholding during the year (01-04-2018 to 31-03-2019) | |
|--------|----------------------------|--|----------------------------------|------------|-------------------------------------|----------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1 | Sunil Kumar | 180360 | 1.22 | 01-04-2018 | Decrease | Sale | | |
| | | 0 | 0 | 31-03-2019 | | | 0 | 0 |
| 2 | Deep Chand Singhal | 37500 | 0.25 | 01-04-2018 | Decrease | Sale | | |
| | | 0 | 0 | 31-03-2019 | | | 0 | 0 |
| 3 | Vishnu Mittal | 50000 | 0.34 | 01-04-2018 | Decrease | Sale | | |
| | | 0 | 0 | 31-03-2019 | | | 0 | 0 |
| 4 | Chetna Singhal | 33335 | 0.23 | 01-04-2018 | Decrease | Sale | | |
| | | 0 | 0 | 31-03-2019 | | | 0 | 0 |
| 5 | Savitri Mittal | 343750 | 2.33 | 01-04-2018 | Decrease | Sale | | |
| | | 0 | 0 | 31-03-2019 | | | 0 | 0 |
| 6 | Ram Gopal Goyal & Sons LLP | 0 | 0 | 01-04-2018 | 2210874 | Purchase | | |
| | | | | | 312395 | Purchase | | |
| | | | | | 804032 | Purchase | | |
| | | | | | 57600 | Purchase | | |
| | | 3527401 | 23.93 | 31-03-2019 | 142500 | Purchase | 3527401 | 23.93 |

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 31/03/2018 | | Transactions during the year - 2018 - 19 | | Cumulative Shareholding as on 31/03/2019 | |
|--------|--------------------------------|-------------------------------|----------------------------------|--|---------------|--|----------------------------------|
| | | 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 | 0 | 0 | | | 0 | 0 |
| | Purchase | | | 27-07-18 | 594000 | 594000 | 4.03 |
| | Purchase | | | 10-08-18 | 3058960 | 3652960 | 24.79 |

| | | | | | | | |
|----|---------------------------------------|---------|-------|----------|----------|---------|-------|
| | Balance | | | | | 3652960 | 24.79 |
| 2 | SRK TRADELINKS PRIVATE LIMITED | 2366960 | 16.06 | | | 2366960 | 16.06 |
| | Sale | | | 06-07-18 | -473000 | 1893960 | 12.85 |
| | Sale | | | 10-08-18 | -1893960 | 0 | 0 |
| | Balance | | | | | 0 | 0 |
| 3 | ORION INFRADEVELOPERS PRIVATE LIMITED | 0 | 0 | | | 0 | 0 |
| | Purchase | | | 21-09-18 | 771875 | 771875 | 5.24 |
| | Purchase | | | 01-02-19 | 60000 | 831875 | 5.64 |
| | Purchase | | | 15-02-19 | 68994 | 900869 | 6.11 |
| | Purchase | | | 22-02-19 | 23862 | 924731 | 6.27 |
| | Balance | | | | | 924731 | 6.27 |
| 4 | ORION PROPMART PRIVATE LIMITED | 0 | 0 | | | 0 | 0 |
| | Purchase | | | 21-09-18 | 456250 | 456250 | 3.1 |
| | Sale | | | 16-11-18 | -10 | 456240 | 3.1 |
| | Purchase | | | 01-02-19 | 215495 | 671735 | 4.56 |
| | Purchase | | | 08-02-19 | 102526 | 774261 | 5.25 |
| | Purchase | | | 15-02-19 | 65000 | 839261 | 5.69 |
| | Purchase | | | 22-02-19 | 65000 | 904261 | 6.14 |
| | Balance | | | | | 904261 | 6.14 |
| 5 | ORION INFRADEVELOPERS PVT. LTD. | 771875 | 5.24 | | | 771875 | 5.24 |
| | Demat | | | 17-09-18 | -771875 | 0 | 0 |
| | Balance | | | | | 0 | 0 |
| 6 | NABKRI DEVELOPERS PRIVATE LIMITED | 765625 | 5.19 | | | 765625 | 5.19 |
| | Balance | | | | | 765625 | 5.19 |
| 7 | LEENA INFOTECH PVT LTD | 692000 | 4.7 | | | 692000 | 4.7 |
| | Purchase | | | 07-05-18 | 500000 | 192000 | 1.3 |
| | Purchase | | | 30-06-18 | 192000 | 0 | 0 |
| | Balance | | | | | 0 | 0 |
| 8 | ARISE INFRATECH PRIVATE LIMITED | 594000 | 4.03 | | | 594000 | 4.03 |
| | Sale | | | 27-07-18 | -594000 | 0 | 0 |
| | Balance | | | | | 0 | 0 |
| 9 | B R SUPPLIERS PVT LTD | 500000 | 3.39 | | | 500000 | 3.39 |
| | Sale | | | 30-06-18 | -500000 | 0 | 0 |
| | Balance | | | | | 0 | 0 |
| 10 | ORION PROPMART PVT. LTD. | 456250 | 3.1 | | | 456250 | 3.1 |

| | | | | | | | |
|----|--|--------|------|----------|---------|--------|------|
| | Demat | | | 17-09-18 | -456250 | 0 | 0 |
| | Balance | | | | | 0 | 0 |
| 11 | KAILASH CHAND | 57240 | 0.39 | | | 57240 | 0.39 |
| | Purchase | | | 30-03-19 | 338195 | 395435 | 2.68 |
| | Balance | | | | | 395435 | 2.68 |
| 12 | ASHU GUPTA | 390000 | 2.65 | | | 390000 | 2.65 |
| | Balance | | | | | 390000 | 2.65 |
| 13 | SHRI PARASRAM HOLDINGS PVT.LTD. | 261218 | 1.77 | | | 261218 | 1.77 |
| | Purchase | | | 11-05-18 | 100 | 261318 | 1.77 |
| | Purchase | | | 18-05-18 | 200 | 261518 | 1.77 |
| | Sale | | | 25-05-18 | -300 | 261218 | 1.77 |
| | Sale | | | 29-06-18 | -152804 | 108414 | 0.74 |
| | Sale | | | 29-09-18 | -30 | 108384 | 0.74 |
| | Sale | | | 12-10-18 | -144 | 108240 | 0.73 |
| | Sale | | | 19-10-18 | -102 | 108138 | 0.73 |
| | Sale | | | 26-10-18 | -50 | 108088 | 0.73 |
| | Sale | | | 09-11-18 | -36500 | 71588 | 0.49 |
| | Sale | | | 23-11-18 | -10 | 71578 | 0.49 |
| | Sale | | | 07-01-19 | -500 | 71078 | 0.48 |
| | Sale | | | 11-01-19 | -2500 | 68578 | 0.47 |
| | Sale | | | 18-01-19 | -96 | 68482 | 0.46 |
| | Sale | | | 01-02-19 | -59696 | 8786 | 0.06 |
| | Purchase | | | 15-02-19 | 78284 | 87070 | 0.59 |
| | Purchase | | | 29-03-19 | 248706 | 335776 | 2.28 |
| | Balance | | | | | 335776 | 2.28 |
| 14 | GANGA DEVI BANSAL | 0 | 0 | | | 0 | 0 |
| | Purchase | | | 30-03-19 | 300000 | 300000 | 2.04 |
| | Balance | | | | | 300000 | 2.04 |
| 15 | PROGYAN CONSTRUCTION & ENGINEERS PVT LTD | 0 | 0 | | | 0 | 0 |
| | Purchase | | | 14-03-19 | 149645 | 149645 | 1.02 |
| | Purchase | | | 30-03-19 | 125000 | 274645 | 1.86 |
| | Balance | | | | | 274645 | 1.86 |
| 16 | RADHA DEVI PODDAR | 0 | 0 | | | 0 | 0 |
| | Purchase | | | 30-03-19 | 267500 | 267500 | 1.81 |
| | Balance | | | | | 267500 | 1.81 |
| 17 | AMETHEST BUILDCON PRIVATE LIMITED | 225000 | 1.53 | | | 225000 | 1.53 |
| | Sale | | | 30-03-19 | 225000 | 0 | 0 |
| | Balance | | | | | 0 | 0 |

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

| Sr. no | Name | Shareholding at the beginning of the year (as on 01-04-2018) | | Date | Increase/ Decrease in share-holding | Reason | Cumulative Shareholding during the year (01-04-2018 to 31-03-2019) | |
|-------------------------------------|--|--|----------------------------------|------------|-------------------------------------|------------------------------|--|----------------------------------|
| | | 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 | 01-04-2018 | 0 | Nil movement during the year | | |
| | | 0 | 0 | 31-03-2019 | | | 0 | 0 |
| 2 | Rajan Goyal (Non-executive Non Independent Director) | 0 | 0 | 01-04-2018 | 0 | Nil movement during the year | | |
| | | 0 | 0 | 31-03-2019 | | | 0 | 0 |
| 3 | Tanisha Bhagat (Independent Director) | 0 | 0 | 01-04-2018 | 0 | Nil movement during the year | | |
| | | 0 | 0 | 31-03-2019 | | | 0 | 0 |
| 4 | Deepak (Independent Director) | 0 | 0 | 01-04-2018 | 27000 | Purchase | | |
| | | 27000 | 0.18 | 31-03-2019 | | | 27000 | 0.18 |
| B. Key Managerial Personnel(KMP's): | | | | | | | | |
| 1 | Rohit Saraogi (Chief Financial Officer) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors: - Nil

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|----------|-----------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a)Salary as per provisions contained in section17(1) of the Income-tax Act,1961 (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 | - | 4,09,788 | 6,00,000 | 10,09,788 |
| | | - | - | - | - |
| | | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit -others, specify... | - | - | - | - |
| | | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | Total | - | 4,09,788 | 6,00,000 | 10,09,788 |

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

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

Date: June 12, 2019
Place: New Delhi

**Sd/-
Vikram Goyal
Whole Time Director
DIN: [00381115](#)**

**Sd/-
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 not applicable.

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

| S. No. | Name | Designation | % Increase |
|--------|-------------------|-------------------------|------------|
| 1 | Ms. Richa Sharma | Company Secretary | 0 |
| 2 | Mr. Rohit Saraogi | Chief Financial Officer | 0 |

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

The median remuneration of the employees in the financial year increased by 30.00 %. The calculation of % increase in Median Remuneration is done based on overall employee cost.

4. **Number of Permanent Employees on the rolls of Company: Five (5)**

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 and Company Secretary. The average increase for employees other than the managerial personnel who were in the employment during the financial year 2017-18 and 2018-19 the average percentile increase is 3.7%. The average percentile increase for managerial personnel is 0.00%.

6. **Affirmation that the remuneration is as per the remuneration policy of the Company**

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

7. **Statement of particulars of employees pursuant to Rule5((2) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 – N.A.**

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

For and on Behalf of the Board
Sonal Mercantile Limited

Date: June 12, 2019
Place: New Delhi
Sd/-
Vikram Goyal
Whole Time Director
DIN: [00381115](#)

Sd/-
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 arms length transaction under third proviso thereto.

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

| | Transaction with | Nature of Transaction | Transactions during the year ended | | Balance as at | |
|-------|---|-----------------------|------------------------------------|---------------------|---------------------|---------------------|
| | | | 31/03/2019 (Rs.) | 31/03/2018 (Rs.) | 31/03/2019 (Rs.) | 31/03/2018 (Rs.) |
| (i) | Associate Company: - | | | | | |
| | M/s. Rudraveerya Developers Limited | Loan received | 50,00,00,000 | Nil | 50,00,00,000 | Nil |
| | | Interest paid | 1,23,26,290 | Nil | 1,10,93,661 | Nil |
| (ii) | Key Management Personnel: - | | | | | |
| | Ms. Deepika Rathore | Salary | Nil | 3,30,000 | Nil | Nil |
| | Mr. Rohit Saraogi | Salary | 6,00,000 | Nil | 49,077 | Nil |
| | Ms. Richa Sharma | Salary | 4,09,788 | Nil | Nil | Nil |
| | Ms. Anjali Aggarwal | Salary | Nil | 3,30,000 | Nil | Nil |
| | Mr. Deep Chand Singhal | Rent paid | Nil | 1,86,600 | Nil | Nil |
| (iii) | Relatives of Key Management Personnel: - None | | | | | |
| (iv) | Enterprises in which Key Management Personnel and Relatives are having significant influences: - None | | | | | |

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

**Sd/-
Vikram Goyal**

**Sd/-
Rajan Goyal**

**Date: June 12, 2019
Place: New Delhi**

**Whole Time Director
DIN: [00381115](#)**

**Director
DIN: [02600825](#)**

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Developments

Sonal Mercantile Limited is a **NBFC** and is engaged mainly in the business of providing Loans & Advances and also to make investment in both quoted and unquoted securities. The industry structure relevant to the Company's operations is mainly concerned with the Capital Market.

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

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

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

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

NBFCs continued to grow their share in the financial services industry. This growth momentum of NBFCs should result in their share in the financial services sector increasing in the near future.

2. Business Overview

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

3. Opportunities and Threats

Capital markets at present are going through turbulent times. Although the inflation has remained steady during the year but it is still under pressure due to hike in petrol prices, burden of diesel subsidies, high fiscal deficit, etc. However, we feel that the opportunities will soon arise in the markets upon the corrective policies by the government and better fiscal management which will strengthen the economy.

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

4. Segment-Wise Performance

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

5. Outlook

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

6. Risk and Concern

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

7. Adequacy of Internal Control

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

8. Discussion on Financial Performance with respect to Operational Performance

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

9. Human Resource Development

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

10. Cautionary Statement

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

Government Regulations, tax regimes, economic developments within India and other incidental factors.

11. APPRECIATION

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

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

**Date: June 12, 2019
Place: New Delhi**

**Sd/-
Vikram Goyal
Whole Time Director
DIN: [00381115](#)**

**Sd/-
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 2018-19 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, 2019 is four (4) Directors. Out of these Directors, two are Independent Directors including one Woman Director, one Whole Time Director and one Non Executive Non Independent Director thus complies with the requirement of the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

a) Composition of the Board, Attendance Record, Membership of Board Committees:

The Board of Directors of the Company has an ideal combination of Executive and Non-Executive Directors and is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The names and categories of the Directors on the Board as on March 31, 2019, their attendance at the Board Meetings held during the financial year 2018-2019 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, 2019, are as under:

| Name | Category | Meeting and Attendance | | | No. of Directorships in other Public Limited Companies* | Committees Position# | |
|---|---------------------------------|--------------------------|------------------------|-------------------|---|----------------------|-------------|
| | | Number of Board Meetings | Board Meeting Attended | Last AGM Attended | | Chairman-ship | Member-ship |
| Mr. Vikram Goyal (Whole Time Director) (DIN: 00381115) | Executive | 14 | 6 | No | Nil | Nil | Nil |
| Mr. Rajan Goyal (Director) (DIN: 02600825) | Non Executive – Non Independent | 14 | 6 | No | Nil | Nil | Nil |
| Ms. Tanisha Bhagat (Woman Director) (DIN: 08286425) | Non Executive – Independent | 14 | 6 | No | Nil | Nil | Nil |
| Mr. Deepak (Director) (DIN: 07878217) | Non Executive Independent | 14 | 2 | No | 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:

(a) Mr. Naresh Poddar was appointed as Additional Independent Director w.e.f. 30-05-2018 and regularized at Annual General Meeting held on 29-09-2018. He resigned from directorship on 19-01-2019

(b) Ms. Anu Aggarwal was appointed as Additional Independent Director w.e.f. 13-08-2018 and resigned on 18-09-2018

(c) Ms. Tanisha Bhagat, Mr. Vikram Goyal and Mr. Rajan Goyal were appointed as Additional Directors while Mr. Deep Chand Singhal and Mr. Sunil Kumar resigned from directorship w.e.f. 23-11-2018. Ms. Tanisha Bhagat and Mr. Rajan Goyal was regularized at Extraordinary General meeting held on 15-03-2019

(d) Mr. Vikram Goyal was appointed as Whole Time Director for a term of five years from 23-11-2018 to 22-11-2023.

(e) Mr. Vikram Sharma resigned from the position of Director w.e.f. 25-03-2019.

(f) Mr. Deepak was appointed as Additional Independent Director w.e.f. 26-03-2019

b) Number of Board Meetings

The Board of Directors met **Fourteen times** during the Financial Year 2018-2019. 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. 2018-2019):

| S. No. | Date of Board Meetings | Total Strength of the Board | No. of Directors Present |
|--------|------------------------|-----------------------------|--------------------------|
| 1 | 22-05-2018 | 4 | 4 |
| 2 | 30-05-2018 | 4 | 4 |
| 3 | 28-07-2018 | 4 | 4 |
| 4 | 13-08-2018 | 4 | 4 |

| | | | |
|----|------------|---|---|
| 5 | 03-09-2018 | 5 | 5 |
| 6 | 18-09-2018 | 5 | 5 |
| 7 | 10-10-2018 | 4 | 4 |
| 8 | 14-11-2018 | 4 | 4 |
| 9 | 23-11-2018 | 4 | 4 |
| 10 | 29-01-2019 | 4 | 4 |
| 11 | 14-02-2019 | 4 | 4 |
| 12 | 25-03-2019 | 3 | 3 |
| 13 | 26-03-2019 | 4 | 4 |
| 14 | 31-03-2019 | 4 | 4 |

❖ Familiarization Programme

At the time of appointment, Independent Directors are made aware of their roles, rights and responsibilities through a formal letter of appointment which also stipulates the various terms and conditions of their engagement. At Board and Committee Meetings, the Independent Directors are on regular basis familiarized with the business model, regulatory environment in which it operates strategy, operations, functions, policies and procedures of the Company. Directors were invited to attend conferences held with objectives to guide corporate directors in carrying governance and compliance responsibilities amidst complex demands placed upon by the Act and SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015.

The Familiarization Programme formulated by the Company for Independent Directors has been uploaded on the Company's website, the web link for which is <http://www.sonalmercantile.in/investors-information.php>.

❖ Number of shares and convertible instruments held by Non-Executive Directors during the Financial Year 2018-2019.

| Serial No. | Name of Non-Executive Director | Number of Shares |
|------------|--|------------------|
| 1. | Mr. Rajan Goyal (Non Independent Director) | 0 |
| 2. | Ms. Tanisha Bhagat (Independent Director) | 0 |
| 3. | Mr. Deepak (Independent Director) | 27000 |

❖ Evaluation of Performance

Pursuant to the provisions of Section 134(3)(p), Schedule IV of the Act read with Regulations 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board adopted a formal evaluation process of its performance during the year as well as that of its committees, the individual Directors, Chairman and the Independent Directors. The Independent Directors assessed the executive directors on the basis of the contributions made by such Directors in the achievement of business targets, development and successful execution of the business plans, their management of relationship with the Members of the Board of Directors (the "Board") and management personnel as well as creating a performance culture to drive value creation.

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

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

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

❖ **Exclusive Meeting of Independent Directors:**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on *March 25, 2019* 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. It is further confirmed that all the Directors and senior management personnel of the Company have duly complied with the Company's Code of Conduct during the financial year 2018-19, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

3. Committees of the Board

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

The Board of Directors has delegated its certain powers to the committees of Directors and these committees shall exercise such power and give the report of the output to the Board for approval at subsequent meetings. The Board has constituted four committees viz. **Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.**

The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

All decisions pertaining to the constitution of the committees, appointment of members and fixing of terms of reference for the committee is taken by the Board of Directors.

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

a) Audit Committee

❖ Composition of Audit Committee

As on March 31, 2019 the Audit Committee comprises of three members viz. Mr. Deepak (Chairman), Ms. Tanisha Bhagat (Member) and Mr. Rajan Goyal (Member). In compliance with Regulation 18(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, two members of the Audit Committee including the Chairman of the committee are Independent Directors. All the members are 'financially literate' as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have accounting or related financial management knowledge.

The Senior Management team, Internal Auditor and the Statutory Auditors are invited for the meetings of the Audit Committee. Mrs. Richa Sharma, Company Secretary is the Secretary to this Committee till February 13, 2019.

❖ Terms of Reference:

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Modified opinion(s) in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

❖ Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

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

❖ Meetings of the Committee and Attendance of the Members during 2018-19

During the year, total four Audit Committee meetings were held respectively on May 25, 2018, September 15, 2018, November 12, 2018 and February 14, 2019. The attendance of the members of the committee mentioned as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|--------------------|----------------------|-------------------|
| Mr. Deepak | 4 | - |
| Ms. Tanisha Bhagat | 4 | 1 |
| Mr. Rajan Goyal | 4 | 1 |

b) Nomination and Remuneration Committee:

❖ Composition of Nomination and Remuneration Committee:

As on March 31, 2019 the Nomination and Remuneration Committee comprises of three members viz. Ms. Tanisha Bhagat (Chairperson), Mr. Rajan Goyal (Member) and Mr. Deepak (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 2018-2019

During the year, total five meetings were held respectively on May 18, 2018, May 25, 2018, September 19, 2018, November 13, 2018 and February 11, 2019. The attendance of the members of the committee mentioned are as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|--------------------|----------------------|-------------------|
| Mr. Deepak | 5 | - |
| Ms. Tanisha Bhagat | 5 | 1 |
| Mr. Rajan Goyal | 5 | 1 |

❖ 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. The status on complaints, if any reported to the Board in quarterly meetings.

As on March 31, 2019, the Stakeholders Relationship Committee comprises of three non executive Directors as its members viz. Mr. Deepak (Chairman), Ms. Tanisha Bhagat (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 2018-19

During the year, total four meetings were held respectively on June 15, 2018, September 01, 2018, November 01, 2018 and March 01, 2019. The attendance of the members of the committee mentioned are as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|--------------------|----------------------|-------------------|
| Mr. Deepak | 4 | - |
| Ms. Tanisha Bhagat | 4 | 1 |
| Mr. Rajan Goyal | 4 | 1 |

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, 2019 the Risk Management Committee comprises of three Directors as its members viz. Mr. Deepak (Chairman), Mr. Rajan Goyal (Member) and Mr. Vikram Goyal (Member).

❖ **Meetings of the Committee and Attendance of the Members during 2018-2019**

During the year, total two meetings were held respectively on November 10, 2018 and March 20, 2019. The attendance of the members of the committee mentioned are as follows:

| Name of Member | No. of Meetings Held | Meetings Attended |
|------------------|----------------------|-------------------|
| Mr. Deepak | 2 | - |
| Mr. Rajan Goyal | 2 | 1 |
| Mr. Vikram Goyal | 2 | 1 |

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 |
|------|---|--|---|
| 2018 | Saturday September 29, 2018 at 09:00 A.M. | 372, Vardhman Plaza, III Floor, Dector-3, Rohini, New Delhi-110085 | No, special resolution has been passed in this Meeting |
| 2017 | Thursday, 28th September, 2017 at 10:00 a.m | 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi – 110034 | No, special resolution has been passed in this Meeting |
| 2016 | Friday, 30th September, 2016 at 10:00 a.m | 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi - 110034. | Yes, special resolution has been passed in this Meeting |

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

c) One Extraordinary General Meeting was held during the year on 15.03.2019.

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.

❖ **Quarterly Results**

Quarterly Standalone Results are normally published in "Financially Express– All Editions" and "Jansatta – Hindi Edition, Delhi" newspapers and the same are posted on Company's website i.e. www.sonalmercantile.in

❖ **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.

6. General Shareholder Information

| | |
|---|--|
| ❖ Annual General Meeting Schedule | : Friday July 12, 2019 at 02:00 P.M. at 372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085 |
| ❖ Financial Calendar (2019-20) (Tentative) | : The Financial Year of the Company will be April 01, 2019 to March 31, 2020. |
| ❖ Book Closure Dates | : July 05, 2019 to July 12, 2019 (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 2019-2020 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, 2019, 12485100 Equity Shares representing 84.71% of the Company were held in dematerialised form and 2253425 Equity Shares representing 15.29% of the issued share capital were held in physical form. At the end of each quarter, reconciliation of share capital audit is conducted by a Practicing Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form. |
| ❖ Address for correspondence | Registered Office Address: 372, 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. 2018-2019. 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, 2019 are as under. |

| Date | Open Price | High Price | Low Price | Close Price | WAP | No. of Shares | No. of Trades |
|-----------|------------|------------|-----------|-------------|-------|---------------|---------------|
| 29-Mar-19 | 8.03 | 8.03 | 8.03 | 8.03 | 8.03 | 130000 | 4 |
| 28-Mar-19 | 8.15 | 8.15 | 7.65 | 7.65 | 7.65 | 145000 | 4 |
| 27-Mar-19 | 8.55 | 8.55 | 7.8 | 7.89 | 7.89 | 82525 | 5 |
| 26-Mar-19 | 8.97 | 8.97 | 8.15 | 8.15 | 8.27 | 81799 | 13 |
| 15-Feb-19 | 8.55 | 8.55 | 8.55 | 8.55 | 8.55 | 88862 | 9 |
| 11-Feb-19 | 8.92 | 8.92 | 8.15 | 8.15 | 8.17 | 135000 | 12 |
| 05-Feb-19 | 8.5 | 8.5 | 8.5 | 8.5 | 8.50 | 50 | 1 |
| 04-Feb-19 | 8.86 | 8.86 | 8.86 | 8.86 | 8.86 | 57240 | 1 |
| 31-Jan-19 | 9.3 | 9.3 | 9.3 | 9.3 | 9.30 | 45286 | 2 |
| 30-Jan-19 | 9.5 | 9.5 | 9.45 | 9.45 | 9.47 | 125000 | 7 |
| 29-Jan-19 | 9.9 | 9.9 | 9.8 | 9.89 | 9.89 | 60000 | 5 |
| 28-Jan-19 | 10.3 | 10.3 | 10.3 | 10.3 | 10.30 | 50000 | 2 |
| 25-Jan-19 | 10.75 | 10.75 | 10.75 | 10.75 | 10.75 | 40000 | 1 |
| 23-Jan-19 | 12.33 | 12.33 | 11.17 | 11.17 | 11.81 | 2000 | 7 |
| 11-Jan-19 | 11.64 | 11.75 | 11.64 | 11.75 | 11.69 | 200 | 3 |
| 07-Jan-19 | 12.25 | 12.25 | 12.25 | 12.25 | 12.25 | 2500 | 1 |
| 03-Jan-19 | 12.7 | 12.7 | 12.7 | 12.7 | 12.70 | 45000 | 1 |
| 02-Jan-19 | 13.26 | 13.26 | 13.25 | 13.26 | 13.26 | 12600 | 12 |
| 01-Jan-19 | 13.26 | 13.26 | 13.26 | 13.26 | 13.26 | 500 | 1 |
| 24-Dec-18 | 13.95 | 13.95 | 13.95 | 13.95 | 13.50 | 2 | 1 |
| 21-Dec-18 | 13.95 | 13.95 | 13.95 | 13.95 | 13.95 | 1000 | 2 |
| 12-Dec-18 | 13.95 | 13.95 | 13.95 | 13.95 | 13.00 | 1 | 1 |
| 16-Nov-18 | 13.95 | 13.95 | 13.95 | 13.95 | 13.90 | 10 | 1 |
| 14-Nov-18 | 14.2 | 14.2 | 14.2 | 14.2 | 14.20 | 10 | 1 |
| 13-Nov-18 | 14.45 | 14.45 | 14.45 | 14.45 | 14.45 | 69 | 1 |
| 05-Nov-18 | 14.7 | 14.7 | 14.7 | 14.7 | 14.70 | 36500 | 1 |
| 31-Oct-18 | 15 | 15 | 14.95 | 15 | 15.00 | 349657 | 6 |
| 26-Oct-18 | 15 | 15 | 15 | 15 | 15.00 | 50000 | 1 |
| 24-Oct-18 | 15 | 15 | 15 | 15 | 15.00 | 180360 | 4 |
| 23-Oct-18 | 15.3 | 15.3 | 15.3 | 15.3 | 15.30 | 4528 | 12 |
| 22-Oct-18 | 15 | 15 | 15 | 15 | 15.00 | 132035 | 8 |
| 17-Oct-18 | 15 | 15 | 15 | 15 | 15.00 | 50 | 1 |
| 16-Oct-18 | 14.8 | 15.05 | 14.8 | 15.05 | 14.85 | 750 | 5 |
| 15-Oct-18 | 14.8 | 14.8 | 14.8 | 14.8 | 14.00 | 1 | 1 |
| 12-Oct-18 | 15.4 | 15.4 | 15.1 | 15.1 | 15.13 | 110 | 2 |
| 11-Oct-18 | 15.4 | 15.4 | 15.4 | 15.4 | 15.00 | 1 | 1 |
| 10-Oct-18 | 15.7 | 15.7 | 15.7 | 15.7 | 15.70 | 129 | 3 |
| 09-Oct-18 | 16 | 16 | 16 | 16 | 16.00 | 1 | 1 |
| 08-Oct-18 | 16.3 | 16.3 | 16.3 | 16.3 | 16.29 | 14 | 2 |
| 05-Oct-18 | 17.15 | 17.15 | 17.15 | 17.15 | 17.15 | 575 | 1 |

| | | | | | | | |
|-----------|-------|-------|-------|-------|-------|------|----|
| 04-Oct-18 | 18.05 | 18.05 | 18.05 | 18.05 | 18.00 | 12 | 3 |
| 03-Oct-18 | 19 | 19 | 19 | 19 | 19.00 | 5 | 1 |
| 01-Oct-18 | 20 | 20 | 20 | 20 | 20.00 | 15 | 2 |
| 28-Sep-18 | 21.05 | 21.05 | 21.05 | 21.05 | 21.00 | 5 | 1 |
| 26-Sep-18 | 22.15 | 22.15 | 22.15 | 22.15 | 22.12 | 25 | 1 |
| 25-Sep-18 | 23.3 | 23.3 | 23.3 | 23.3 | 23.00 | 1 | 1 |
| 24-Sep-18 | 23.3 | 23.3 | 23.3 | 23.3 | 23.17 | 6 | 2 |
| 18-Sep-18 | 24.5 | 24.5 | 24.5 | 24.5 | 24.50 | 200 | 3 |
| 17-Sep-18 | 24.5 | 24.5 | 24.5 | 24.5 | 24.50 | 2000 | 2 |
| 12-Sep-18 | 23.5 | 23.5 | 23.5 | 23.5 | 23.50 | 800 | 2 |
| 11-Sep-18 | 23.4 | 23.4 | 23.4 | 23.4 | 23.40 | 10 | 2 |
| 20-Jun-18 | 22.5 | 22.5 | 22.5 | 22.5 | 22.50 | 10 | 1 |
| 06-Jun-18 | 21.95 | 21.95 | 21.45 | 21.45 | 21.62 | 300 | 2 |
| 01-Jun-18 | 24 | 24 | 22 | 22 | 22.00 | 501 | 2 |
| 30-May-18 | 21.84 | 22.9 | 21.84 | 22.87 | 21.86 | 513 | 8 |
| 25-May-18 | 21.8 | 21.84 | 21.8 | 21.84 | 21.80 | 96 | 3 |
| 24-May-18 | 20.84 | 20.85 | 20.84 | 20.85 | 20.85 | 5305 | 9 |
| 23-May-18 | 18.5 | 19.87 | 18.5 | 19.87 | 19.48 | 1797 | 10 |
| 22-May-18 | 19 | 19.5 | 18.5 | 18.95 | 18.92 | 1820 | 18 |
| 21-May-18 | 18.6 | 18.6 | 18.6 | 18.6 | 18.60 | 100 | 1 |
| 17-May-18 | 17.8 | 17.8 | 17.8 | 17.8 | 17.80 | 110 | 3 |
| 11-May-18 | 17.07 | 17.07 | 16.99 | 16.99 | 17.05 | 797 | 3 |
| 10-May-18 | 16.27 | 16.27 | 16.27 | 16.27 | 16.27 | 1200 | 6 |
| 09-May-18 | 15.5 | 15.5 | 15.5 | 15.5 | 15.50 | 106 | 2 |
| 08-May-18 | 15.15 | 15.15 | 15 | 15 | 15.08 | 200 | 2 |
| 04-May-18 | 14.5 | 14.5 | 14.5 | 14.5 | 14.50 | 100 | 1 |
| 03-May-18 | 13.82 | 13.82 | 13.82 | 13.82 | 13.81 | 52 | 1 |
| 02-May-18 | 11.93 | 13.17 | 11.93 | 13.17 | 12.50 | 1750 | 3 |
| 25-Apr-18 | 12 | 12.55 | 11.93 | 12.55 | 11.97 | 1258 | 5 |

❖ Distribution of Shareholding as on March 31, 2019

| Share or Debenture holding Nominal Value (Rs.) | Number of Shareholders | % to Total Numbers | Share or Debenture holding Amount (Rs.) | % to Total Amount |
|--|---------------------------|-----------------------|---|----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Up To 5,000 | 189 | 55.43 | 236590 | 0.16 |
| 5001 To 10,000 | 12 | 3.52 | 114760 | 0.08 |
| 10001 To 20,000 | 4 | 1.17 | 74780 | 0.05 |
| 20001 To 30,000 | 14 | 4.11 | 360000 | 0.24 |
| 30001 To 40,000 | 1 | 0.29 | 40000 | 0.03 |
| 40001 To 50,000 | 31 | 9.09 | 1528000 | 1.04 |
| 50001 To 1,00,000 | 33 | 9.68 | 2580320 | 1.75 |
| 1,00,000 and Above | 57 | 16.72 | 142450800 | 96.65 |
| Total | 341 | 100 | 147385250 | 100 |

❖ **Shareholding Pattern as on March 31, 2019**

| Category | Number of Equity Shares held | % of Shareholding |
|-------------------------------|------------------------------|-------------------|
| Promoters and Promoters Group | 3527401 | 23.93 |
| Public | 11211124 | 76.07 |
| Total | 14738525 | 100 |

7. Other Disclosures

- ❖ The Company did not have any material significant related party transaction having a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the Notes to accounts.
- ❖ The financial statements have been prepared in accordance with the applicable accounting standards and policies generally accepted in India and are unqualified.
- ❖ There were no instances of non-compliance by the Company on any matter related to the capital markets, resulting in disciplinary action against the Company by the Stock Exchanges or Securities & Exchange Board of India (SEBI) or any other statutory authority, during the last three years.
- ❖ The Company has a Whistle Blower Policy for employees to report concerns about unethical behavior, actual or suspected fraud or violation of our code of conduct or ethics policy and confirms that no personnel have been denied access to the Audit Committee.
- ❖ The Company has complied with the corporate governance requirements as prescribed in Regulations 17 to 27, 46(2) (b) to (i) and para C, D and Schedule V of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ❖ The Policy on Related Party Transactions are available at <http://www.sonalmmercantile.in/investors-information.php>
- ❖ **CFO Certification:** The CFO and the Whole Time Director have certified to the Board, the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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**.

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

**Date: June 12, 2019
Place: New Delhi**

**Sd/-
Vikram Goyal
Whole Time Director
DIN: [00381115](#)**

**Sd/-
Rajan Goyal
Director
DIN: [02600825](#)**

(Annexure-A to Corporate Governance Report)

CERTIFICATE FOR ADHERENCE TO THE CODE OF CONDUCT

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

Declaration by the Director

To

The Members

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, 2019.

For Sonal Mercantile Limited

Date: June 12, 2019

Place: New Delhi

Sd/-

Vikram Goyal

Whole Time Director

(DIN: [00381115](#))

COMPLIANCE CERTIFICATE

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

CEO 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, 2019** 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: May 30, 2019
Place: New Delhi

Sd/-
Rohit Saraogi
Chief Financial Officer

Sd/-
Vikram Goyal
Whole Time Director

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

To

The Members

Sonal Mercantile Limited

372, 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 31 2019, 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, 2018 to March 31, 2019, 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: 08-06-2019

Sd/-
Nitin Gupta
Company Secretary in whole time practice
(Proprietor)
Membership No.: A35299
C. P. No.: 14087

(Annexure-D to Corporate Governance Report)

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
 372, 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 372, 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, 2019 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, the Reserve bank of India or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|--------------------|----------|--------------------------------|
| 1 | Mr. Vikram Goyal | 00381115 | 23-11-2018 |
| 2 | Mr. Rajan Goyal | 02600825 | 23-11-2018 |
| 3 | Mr. Deepak | 07878217 | 26-03-2019 |
| 4 | Ms. Tanisha Bhagat | 08286425 | 23-11-2018 |

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: 12-06-2019

Sd/-
Nitin Gupta
 Company Secretary in whole time practice
 (Proprietor)
 Membership No.: A35299
 C. P. No.: 14087

INDEPENDENT AUDITOR'S REPORT

To
The members of
SONAL MERCANTILE LIMITED

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SONAL MERCANTILE LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2019, the statement of profit and loss and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereby referred as 'the financial statement').

In our opinion and to the best of our information and explanations given to us, the aforesaid standalone 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 standard (AS) prescribed under section 133 the Companies Act, 2013 read with the Companies (Accounting Standard) Rules, 2006, as amended and the other accounting principles generally accepted in India: -

- i. In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2019;
- ii. In case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. In case of Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 (ICAI) together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidences we have obtained are 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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. | Loans and advances: - As primary business of Company is advancing of the loan and during the year significant loan advancing transactions taken place. | Our audit procedure inter- alia include the following: - 1.We evaluated the control environment including authorization, sanctioning and |

| | | |
|----|---|---|
| | We focused on the conditions of disbursement and appropriateness of sanctioning process. | disbursement of significant loans advanced during the year. 2.We have obtained external confirmations from third parties in respect of transactions and closing balance for significant loans advanced by the company. 3.We tested all material entries recorded in connection with the loan advance and interest thereon to determine whether the accounting was appropriate. |
| 2. | <p>Compliance of RBI directions and circulars:</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>Our audit procedure inter- alia include the following: -</p> <p>We have reviewed the conditions for prudential norms prescribed by the RBI including: -</p> <ul style="list-style-type: none"> a) Provision on standard assets. b) Transfer of 20% profit to reserve maintain under section 45-IC of the RBI Act. c) Holding of at least 50% of the financial assets and 50% of the financial income respectively. d) Maintaining minimum Net Owned Fund of Rs. 200 Lakhs. |

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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statement 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.

Management's Responsibility for the Standalone Financial Statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the AS and the other accounting principles generally accepted in India. 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 are operating effectively for insuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our 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 due to 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 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:

- (i) 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- (ii) Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) 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. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- (v) 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 statement, individually or in aggregate, makes it probable that the economic decision of reasonable knowledgeable user of the financial statement 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 controls 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, relevant safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. The Company is a non-banking financial company not accepting public deposits and holding certificate of registration no- B-14.02393 dated 19/02/2002 from Reserve Bank of India has been issued to the Company.
 - a) The Board of Directors has passed resolution for the non-acceptance of any public deposits.
 - b) The Company has not accepted any public deposits during the relevant year.
 - c) The Company has complied with the prudential norms relating to income recognition,

accounting standards, assets classification and previously for bad and doubtful debts as applicable to it.

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact, if any of pending litigations on its financial position, in its standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund.

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

O.P. Pareek
Partner
Membership No. 014238

New Delhi, the 30th day of May 2019

ANNEXURE- A TO THE AUDITOR'S REPORT

The Annexure referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date to the members of SONAL MERCANTILE LIMITED for the year ended on 31st March 2019.

- (i) (a) As per information and explanation given to us, the company is maintaining proper records showing full disclosures of fixed assets.

(b) As per information and explanation given to us, physical verification of fixed assets has been conducted once in a year by the management and no material discrepancies were noticed during the course of verification.

(c) According to information and explanation given to us, the title deeds of immovable property are in the name of company;
- (ii) As per records, information and explanation given to us, Company does not hold any physical inventory, hence the provision of sub- clause (ii) of the clause 3 of the order not applicable;
- (iii) According to information and explanations given to us, the Company has not granted any loans secured or unsecured to parties covered in register maintained under section 189 of the Companies Act, 2013;
- (iv) According to information and explanations given to us, the Company has complied with the provisions of section 185 and section 186 of the Companies Act, 2013 to the extent applicable in respect of loans, advances, guarantees and securities so given.
- (v) According to information and explanations given to us, the Company has not accepted public deposits and the provision of section 73 to 76 or other relevant provisions of the Companies Act, 2013 and rules framed there under are not applicable to the Company;
- (vi) According to information and explanations given to us, the Company is not liable to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013;
- (vii) (a) According to information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including income-tax and any other applicable statutory dues to the appropriate authorities and there are no outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable;

(b) According to information and explanations given to us, there are no outstanding statutory dues on the part of Company which is not deposited on account of dispute.
- (viii) According to information and explanations given to us, the company has not defaulted in repayment of loans and borrowings from any financial institution, bank, government or dues to debenture holders;

- (ix) According to information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer. The Company has not taken any term loans from any bank or financial institution;
- (x) According to information and explanations given to us, there is no noticed or unreported fraud on or by the Company during the year under audit;
- (xi) According to information and explanations given to us, the Company has not paid any managerial remuneration during the year, hence the provision of sub- clause (xi) of clause 3 of the order, does not applicable;
- (xii) As per information, the Company is not a Nidhi Company, hence provisions of sub- clause (xii) of the Paragraph 3 of the Order are not applicable;
- (xiii) According to information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards;
- (xiv) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year;
- (xv) According to information and explanations given to us, the Company has not entered into non- cash transactions with directors or persons connected with him;
- (xvi) According to information and explanations given to us, the Company is a Non- Banking Financial Company and registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Signed for the purpose of identification

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

O.P. Pareek
Partner
Membership No. 014238

New Delhi, the 30th day of May 2019

ANNEXURE- B TO THE AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of SONAL MERCANTILE LIMITED as on 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for the Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- 1 . Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
1. 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
2. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on "the internal financial controls over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

O.P. Pareek
Partner
Membership No. 014238

New Delhi, the 30th day of May 2019

| SONAL MERCANTILE LIMITED CIN : L51221DL1985PLC022433 STANDALONE BALANCE SHEET AS ON 31.03.2019 | | | |
|--|-------|-----------------------------|-----------------------------|
| Particulars | Notes | 31st March 2019 (Rupees) | 31st March 2018 (Rupees) |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Shareholders' fund | | | |
| Share Capital | 3 | 147,385,250 | 147,385,250 |
| Reserves and Surplus | 4 | 81,694,311 | 76,261,215 |
| Non-current liabilities | | | |
| Long Term Borrowings | 5 | 670,930,167 | - |
| Long-Term Provisions | 6 | 2,088,396 | 550,111 |
| Current liabilities | | | |
| Other Current Liabilities | 7 | 2,092,911 | 51,250 |
| Total | | 904,191,035 | 224,247,826 |
| <u>ASSETS</u> | | | |
| Non-Current Assets | | | |
| Property, plant & equipment | 8 | 305,150 | 449,798 |
| Non-Current Investments | 9 | 250,000 | 250,000 |
| Deferred Tax Assets (net) | 10 | 207,296 | 218,187 |
| Long-term Loans and Advances | 11 | 809,344,453 | 103,368,392 |
| Current Assets | | | |
| Current Investment | 12 | 7,550,000 | - |
| Cash and Cash Equivalents | 13 | 56,922,194 | 959,178 |
| Short- term loan and advances | 14 | 26,037,841 | 116,700,051 |
| Other Current Assets | 15 | 3,574,101 | 2,302,220 |
| Total | | 904,191,035 | 224,247,826 |
| <p>Notes on financial statement 1 to 35 The accompanying notes are an integral part of the standalone financial statements. As per our report of even date</p> <p>FOR V.N. PUROHIT & CO. Chartered Accountants Firm Regn. No. 304040E</p> <p>Sd/- O.P. Pareek Partner Membership No. 014238 New Delhi, the 30th day of May 2019</p> <p>For and on behalf of the Board of Directors of Sonal Mercantile Limited</p> <p>Sd/- Vikram Goyal Wholetime Director DIN: 00381115</p> <p>Sd/- Rohit Saraogi CFO PAN: BVCPS4684L</p> <p>Sd/- Rajan Goyal Director DIN: 02600825</p> | | | |

| SONAL MERCANTILE LIMITED CIN : L51221DL1985PLC022433 STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31.03.2019 | | | |
|--|-------|---|---|
| Particulars | Notes | From 1st April 2018 to 31 st March 2019 (Rupees) | From 1st April 2017 to 31 st March 2018 (Rupees) |
| Income | | | |
| Revenue from operations | 16 | 41,316,459 | 27,891,196 |
| Other Income | 17 | 787,089 | 66,157 |
| Total Revenue (I) | | 42,103,548 | 27,957,353 |
| Expenses | | | |
| Purchases of stock in trade | 18 | - | 4,238,520 |
| Changes in inventories | 19 | - | 10,889,865 |
| Employee benefit expenses | 20 | 7,152,052 | 5,877,658 |
| Finance Cost | 21 | 22,312,591 | - |
| Depreciation | 8 | 144,648 | 214,176 |
| Other expenses | 22 | 3,076,333 | 4,793,998 |
| Total (II) | | 32,685,624 | 26,014,217 |
| Profit/ (loss) before tax (I - II) | | 9,417,924 | 1,943,135 |
| Tax expenses | | | |
| Current Tax | | 2,435,652 | 500,357 |
| Deferred tax | | 10,891 | 48,262 |
| Total Tax Expenses | | 2,446,543 | 548,619 |
| Profit/ (loss) for the year after tax (PAT) | | 6,971,381 | 1,394,516 |
| Earning per share (EPS) [nominal value of share Rs. 10/-] | | | |
| Basic | | 0.47 | 0.09 |
| Diluted | | 0.47 | 0.09 |
| Notes on financial statement 1 to 35 The accompanying notes are an integral part of the standalone financial statements. As per our report of even date FOR V.N. PUROHIT & CO. Chartered Accountants Firm Regn. No. 304040E For and on behalf of the Board of Directors of Sonal Mercantile Limited Sd/- Sd/- Vikram Goyal Rajan Goyal Wholetime Director Director DIN: 00381115 DIN: 02600825 Sd/- O.P. Pareek Partner Membership No. 014238 New Delhi, the 30th day of May 2019 Rohit Saraogi CFO PAN: BVCPS4684L | | | |

| SONAL MERCANTILE LIMITED CIN : L51221DL1985PLC022433 STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2019 | | |
|---|---|---|
| | For the year ended 31st March 2019 (Rupees) | For the year ended 31st March 2018 (Rupees) |
| <u>CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| Net profit before tax and after extra- ordinary items (As per standalone profit & loss account) | 9,417,924 | 1,943,135 |
| Adjustments for Depreciation | 144,648 | 214,176 |
| Adjustments for Interest on fixed deposits | (718,674) | - |
| Adjustments for Interest on borrowings | 22,312,591 | |
| Operating Profit before working capital changes | 31,156,489 | 2,157,311 |
| <u>Working Capital adjustments: -</u> | | |
| (Increase)/ decrease in loans and advances | (615,313,851) | (11,517,455) |
| (Increase)/ decrease in inventories | - | 10,889,865 |
| (Increase)/ decrease in other Current Assets | (973) | 5,501 |
| Increase/ (decrease) in current liabilities | 2,041,661 | (3,739,872) |
| Cash generated from operations | (582,116,674) | (2,204,649) |
| Direct Taxes Paid | (3,706,560) | (565,471) |
| Net cash flow from operating activities (A) | (585,823,234) | (2,770,120) |
| <u>CASH FLOW FROM INVESTING ACTIVITIES</u> | | |
| Purchase of investments | (7,550,000) | - |
| Interest on fixed deposits | 718,674 | - |
| Net cash flow from investing activities (B) | (6,831,326) | - |
| <u>CASH FLOW FROM FINANCING ACTIVITIES</u> | | |
| Net Proceeds from borrowings | 670,930,167 | - |
| Interest on borrowings | (22,312,591) | |
| Net cash flow from financing activities (C) | 648,617,576 | - |
| Net cash flow during the year (A + B + C) | 55,963,016 | (2,770,120) |
| Add: Opening cash and cash equivalents | 959,178 | 3,729,298 |
| Closing cash and cash equivalents | 56,922,194 | 959,178 |
| Components of cash and cash equivalents | | |
| Cash in hand | 172,239 | 860,586 |
| <u>Balances with bank</u> | | |
| In Current accounts | 4,118,687 | 98,592 |
| In Fixed deposits | 52,631,267 | - |
| Total cash and cash equivalents (Note 13) | 56,922,193 | 959,178 |
| The accompanying notes are an integral part of the standalone financial statements. | | |
| As per our report of even date | | |
| FOR V.N. PUROHIT & CO. | For and on behalf of the Board of Directors of | |
| Chartered Accountants | Sonal Mercantile Limited | |
| Firm Regn. No. 304040E | | |
| | Sd/- | Sd/- |
| | Vikram Goyal | Rajan Goyal |
| | Whole Time Director | Director |
| | DIN: 00381115 | DIN: 02600825 |
| | Sd/- | |
| | Rohit Saraogi | |
| | CFO | |
| | PAN: BVCPS4684L | |
| Sd/- | | |
| O.P. Pareek | | |
| Partner | | |
| Membership No. 014238 | | |
| New Delhi, the 30th day of May 2019 | | |

1. Basis of preparation

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

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

2. Summary of significant accounting policies**a. Use of Estimates:**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known/ materialized.

b. Changes in accounting policy:

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

c. Revenue recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company & revenue is reliably measured. Accordingly wherever there is uncertainty in the realization of income, the same is not accounted for till such time the uncertainty is resolved.

Income from sale of shares is recognized on the execution of the transaction on the stock exchange. All expenses are accounted for on accrual basis. Interest income is recognized on time proportionate basis starting from the date of disbursement of loan.

d. Property, plant & equipment:

Property, plant & equipment are stated at cost of acquisition or construction net of taxes which are subject to input tax credit as reduced by accumulated depreciation thereon. The cost of assets comprises of its purchase price and any directly attributable cost of bringing the assets to their location and working condition upto the date of its intended use.

e. Depreciation:

Property, plant & equipment are depreciated on written down value method over the estimated useful lives of the assets considering the guidelines of Part C of Schedule II to the Companies Act, 2013.

f. Valuation of Inventories:

Inventories of stock in trade are valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course less the estimated cost of completion and the estimated costs necessary to make the sale.

g. Accounting for taxes on income:

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

h. Employee Benefits:

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

i. Borrowing Cost:

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

j. Earnings Per Share:

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

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

k. Cash and Cash Equivalents:

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

l. Investments:

Investments are classified into long term investments and current investments. Investments that are intended to be held for one year or more are classified as long term investments and investments that are intended to be held for less than one year are classified as current investments.

Long term investments are valued at cost. Provision for diminution in the value of long term investments is made if in the opinion of the management such a decline is other than temporary. Current investments are valued at cost or market value, whichever is lower. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit or loss.

23. There are no dues to Micro, Small and Medium Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 which are outstanding for a period more than 45 days as at balance sheet date.

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

24. Balances shown under head Sundry Debtors, Creditors and Advances are subject to confirmation.

25. Segment Information:

The Company has identified two reportable segments viz., trading in shares & securities and advancing of loans after taking into account the nature of product and services and the differing risk and returns on such products and services. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting: -

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

a) Primary Segment information: -

| Particulars | | 31st March 2019 (Rs.) | 31st March 2018 (Rs.) |
|--|-------------------------------------|--------------------------|--------------------------|
| Segment Revenue: - | | | |
| | Trading in shares & securities | Nil | 99,07,194 |
| | Advancing of loans | 4,13,16,459 | 1,79,84,001 |
| | Un-allocable | Nil | Nil |
| | Total Revenue | 4,13,16,459 | 2,78,91,196 |
| Segment Results | | | |
| (Profit/ loss before interest and taxes) | | | |
| | Trading in shares & securities | Nil | (52,21,191) |
| | Advancing of loans | 4,13,16,459 | 1,79,84,001 |
| | Un-allocable | Nil | Nil |
| | Interest | (2,23,12,591) | Nil |
| | Other Unallocable expenditure (net) | (95,85,945) | 1,08,19,675 |
| | Total Profit Before Tax | 94,17,923 | 19,43,135 |

| Segment Assets | | | |
|--|--------------------------------|---------------------|---------------------|
| | Trading in shares & securities | Nil | Nil |
| | Advancing of loans | 83,53,58,294 | 22,00,44,443 |
| | Un-allocable | 6,86,25,445 | 39,85,196 |
| Total | | 90,39,83,739 | 22,40,29,639 |
| Segment Liabilities | | | |
| | Trading in shares & securities | Nil | Nil |
| | Advancing of loans | Nil | Nil |
| | Un-allocable | 41,81,307 | 6,01,361 |
| Total | | 41,81,307 | 6,01,361 |
| Capital Employed | | | |
| (Segment Assets - Segment Liabilities) | | | |
| | Shares & Securities | Nil | Nil |
| | Advancing of loans | 83,53,58,294 | 22,00,44,443 |
| | Un-allocable | 6,44,44,138 | 33,83,835 |
| Total | | 89,98,02,432 | 22,34,28,278 |

b) Secondary Segment Information: -

The Company does not have secondary segment division in respect of reportable segments.

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

a) Related Parties Covered: -

| | | |
|-------|--|--|
| (i) | Associate Company | M/s. Rudraveerya Developers Limited |
| (ii) | Key Management Personnel | Mr. Deepak (Director) Ms. Tanisha Bhagat (Director) Mr. Rajan Goyal (Director) Mr. Vikram Goyal (Director) Mr. Sunil Kumar (Past Director) Mr. Vikram Sharma (Past Director) Mr. Naresh Poddar (Past Director) Mr. Deep Chand Singhal (Past Director) Mr. Rohit Saraogi (CFO) Ms. Richa Sharma (Past Company Secretary) Ms. Deepika Rathore (Past Company Secretary) Ms. Anjali Aggarwal (Past CFO) |
| (iii) | Relatives of Key Management Personnel | None |
| (iv) | Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives | None |

(b) Transaction with Related Parties: -

| | Transaction with | Nature of Transaction | Transactions during the year ended | | Balance as at | |
|-------|--|-----------------------|------------------------------------|---------------------|---------------------|---------------------|
| | | | 31/03/2019 (Rs.) | 31/03/2018 (Rs.) | 31/03/2019 (Rs.) | 31/03/2018 (Rs.) |
| (i) | <u>Associate Company: -</u> | | | | | |
| | M/s. Rudraveerya Developers Limited | Loan received | 50,00,00,000 | Nil | 50,00,00,000 | Nil |
| | | Interest paid | 1,23,26,290 | Nil | 1,10,93,661 | Nil |
| (ii) | <u>Key Management Personnel: -</u> | | | | | |
| | Ms. Deepika Rathore | Salary | Nil | 3,30,000 | Nil | Nil |
| | Mr. Rohit Saraogi | Salary | 6,00,000 | Nil | 49,077 | Nil |
| | Ms. Richa Sharma | Salary | 4,09,788 | Nil | Nil | Nil |
| | Ms. Anjali Aggarwal | Salary | Nil | 3,30,000 | Nil | Nil |
| | Mr. Deep Chand Singhal | Rent paid | Nil | 1,86,600 | Nil | Nil |
| | | | | | | |
| (iii) | <u>Relatives of Key Management Personnel: - None</u> | | | | | |
| (iv) | <u>Enterprises in which Key Management Personnel and Relatives are having significant influences: - None</u> | | | | | |

| 27. Particulars | 31/03/2019 (Rs.) | 31/03/2018 (Rs.) |
|---|---------------------|---------------------|
| Earnings/ Remittances and/ or Expenditure in Foreign Currency | Nil | Nil |

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

| Particulars | 31/03/2019 (Rs.) | 31/03/2018 (Rs.) |
|---|---------------------|---------------------|
| In respect of Statutory Audit (including tax audit) | 47,200 | 47,200 |
| In respect of Certification | 18,880 | 9,084 |
| TOTAL | 66,080 | 56,284 |

| 29. Particulars | 31/03/2019 (Rs.) | 31/03/2018 (Rs.) |
|--|---------------------|---------------------|
| Contingent liabilities provided for | Nil | Nil |
| Pending litigations by / against the Company | None | None |

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

31. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
32. Previous year's figures have been re-arranged or re-grouped wherever considered necessary.
33. The financial statements were approved for issue by the board of directors on 30th May, 2019.
34. Figures have been rounded off to the nearest rupees.
35. Figures in brackets indicate negative (-) figures.

In terms of our report of even date annexed

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

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

O. P. Pareek
Partner
Membership No. 014238

Vikram Goyal
Director
DIN: 00381115

Rajan Goyal
Director
DIN:02600825

New Delhi, the 30th day of May 2019

Rohit Sarogi
CFO
PAN: BVCPS4684L

| 3 | Share capital | As at 31st March 2019 (Rupees) | As at 31st March 2018 (Rupees) |
|---|--|-----------------------------------|-----------------------------------|
| | Authorised shares | | |
| | 1,50,00,000 (31st March 2018: 1,50,00,000) equity shares of Rs.10 each | 150,000,000 | 150,000,000 |
| | Issued, subscribed and fully paid- up shares | | |
| | 1,47,38,525 (31st March 2018: 1,47,38,525) equity shares of Rs.10 each fully paid up | 147,385,250 | 147,385,250 |
| | Total issued, subscribed and fully paid- up share capital | 147,385,250 | 147,385,250 |

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

| | As at 31st March 2019 | | As at 31st March 2018 | |
|--|-----------------------|--------------------|-----------------------|--------------------|
| | Nos. | (Rupees) | Nos. | (Rupees) |
| Share capital at the beginning of the period | 14,738,525 | 147,385,250 | 14,738,525 | 147,385,250 |
| Add: - Issued during the year | | | | |
| Outstanding at the end of the period | 14,738,525 | 147,385,250 | 14,738,525 | 147,385,250 |

b. Terms and rights attached to equity shares

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

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

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

| | As at 31st March 2019 | | As at 31st March 2018 | |
|---------------------------------------|-----------------------|-----------|-----------------------|-----------|
| | Nos. | % holding | Nos. | % holding |
| Rudraveerya Developers Limited | 3,652,960 | 24.79% | 3,652,960 | 24.79% |
| Ram Gopal Goyal & Sons LLP | 3,527,401 | 23.93% | - | 0.00% |
| Orion infradevelopers Private Limited | 924,731 | 6.27% | 771,875 | 5.24% |
| Orion Propmart Private Limited | 904,261 | 6.14% | 456,250 | 3.10% |
| Nabkri Developers Private Limited | 765,625 | 5.19% | 765,625 | 5.19% |

| 4 | Reserves and surplus | As at 31st March 2019 (Rupees) | As at 31st March 2018 (Rupees) |
|---|---|-----------------------------------|-----------------------------------|
| | Securities premium reserve | | |
| | Opening balance | 72,529,750 | 72,529,750 |
| | Add/(less): - Issued / utilized during the year | - | - |
| | Closing balance | 72,529,750 | 72,529,750 |
| | Special reserves u/s 45-IC of the RBI Act, 1934 | | |
| | Opening balance | 883,399 | 604,496 |
| | Add/(less): transfer from standalone statement of profit & loss during the year | 1,394,276 | 278,903 |
| | Closing balance | 2,277,675 | 883,399 |
| | Surplus/ (deficit) in standalone statement of profit & loss | | |
| | Balance as per last standalone financial statements | 2,848,066 | 1,755,696 |
| | Add: Profit/ (loss) for the year | 6,971,381 | 1,394,516 |
| | Less: Contingent provision against standard assets | 1,538,185 | 23,243 |
| | Less:- Special reserve u/s 45-IC of the RBI Act, 1934 | 1,394,276 | 278,903 |
| | Net Surplus/(deficit) in standalone statement of profit and loss | 6,886,886.00 | 2,848,066 |
| | | 81,694,311.00 | 76,261,215 |

SONAL MERCANTILE LIMITED

CIN : L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2019

| | | | |
|--|---|--|------------------------------|
| 5 | Long-term Borrowing | As at 31st March 2019 | As at 31st March 2018 |
| | | (Rupees) | (Rupees) |
| | | Loan from related parties (unsecured) | - |
| | | Loan from others (unsecured) | - |
| | | 670,930,167 | - |
| 6 | Long-term provisions | As at 31st March 2019 | As at 31st March 2018 |
| | | (Rupees) | (Rupees) |
| | | Contingent provision against standard assets* | |
| | | Opening Balance | 526,868 |
| | | 1,538,285 | 23,243 |
| | | 2,088,396 | 550,111 |
| *A contingent provision of 0.25% (0.25% till 31st March, 2018) against standard assets has been created on their respective outstanding amount considering RBI circular Ref. No. DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014. | | | |
| 7 | Other current liabilities | As at 31st March 2019 | As at 31st March 2018 |
| | | (Rupees) | (Rupees) |
| | | Audit fee payable | 43,200 |
| | | Salary payable | - |
| | | 1,544,642 | 4,000 |
| | | 7,187 | 4,050 |
| | | 2,092,911 | 51,250 |
| 9 | Non- current investments | As at 31st March 2019 | As at 31st March 2018 |
| | | (Rupees) | (Rupees) |
| | | In equity shares of associates (unquoted) | |
| | | 25,000 (31st March 2018 : 25,000) fully paid Equity Shares of Rs. 10 each in Rudraveer Developers Limited | 250,000 |
| | | 250,000 | 250,000 |
| 10 | Deferred tax assets | As at 31st March 2019 | As at 31st March 2018 |
| | | (Rupees) | (Rupees) |
| | | On account of timing difference between written down value of property, plant & equipment as per Companies Act with that of Income Tax Act | 218,187 |
| | | 207,296 | |
| | | 207,296 | 218,187 |
| 11 | Long- term loan and advances | As at 31st March 2019 | As at 31st March 2018 |
| | | (Rupees) | (Rupees) |
| | | Loan portfolio* | 103,368,392 |
| | | (recoverable in cash or kind, unsecured, considered good) | 103,368,392 |
| | | 809,344,453 | 103,368,392 |
| *Standard Assets - as per the classification of loans under the RBI guidelines. | | | |
| 12 | Current Investments | As at 31st March 2019 | As at 31st March 2018 |
| | | (Rupees) | (Rupees) |
| | | Investment in Properties (Note: 12.1) | - |
| | | 7,550,000 | - |
| | | 7,550,000 | - |
| 12.1 | The Company has paid advance of Rs. 75.50 Lakhs against purchase of agricultural land situated at Distt. Sonapat, Haryana to be kept as an investment vide agreement to sale. Sale Deed is yet to be executed in this regard. | | |

| | | |
|---|------------------------------|------------------------------|
| 13 Cash and cash equivalents | As at 31st March 2019 | As at 31st March 2018 |
| | (Rupees) | (Rupees) |
| Cash on hand (as certified) | 172,239 | 860,586 |
| Balances with banks: - | | |
| in current account | 4,118,688 | 98,592 |
| in fixed deposit | 52,631,267 | - |
| | 56,922,194 | 959,178 |
| 14 Short-term loan and advances | As at 31st March 2019 | As at 31st March 2018 |
| | (Rupees) | (Rupees) |
| Loan to body corporate* (unsecured) | 21,643,316 | 57,314,640 |
| Loan to others* (unsecured) | 4,370,525 | 59,361,411 |
| Security deposits | 24,000 | 24,000 |
| | 26,037,841 | 116,700,051 |
| *Standard Assets - as per the classification of loans under the RBI guidelines. | | |
| 15 Other current assets | As at 31st March 2019 | As at 31st March 2018 |
| | (Rupees) | (Rupees) |
| Advance income tax (net of provision) | 3,532,179 | 2,261,271 |
| Prepaid expenses | 41,922 | 40,949 |
| | 3,574,101 | 2,302,220 |
| 16 Revenue from operations | For the year ended | For the year ended |
| | 31st March 2019 | 31st March 2018 |
| | (Rupees) | (Rupees) |
| Trading in shares & securities | - | 9,907,194 |
| Interest on loans | 41,316,459 | 17,984,001 |
| | 41,316,459 | 27,891,196 |
| 17 Other Income | For the year ended | For the year ended |
| | 31st March 2019 | 31st March 2018 |
| | (Rupees) | (Rupees) |
| Interest on fixed deposits | 718,674 | - |
| Interest on income tax refund | 68,415 | 66,157 |
| | 787,089 | 66,157 |
| 18 Purchase of stock in trade | For the year ended | For the year ended |
| | 31st March 2019 | 31st March 2018 |
| | (Rupees) | (Rupees) |
| Shares & securities | - | 4,238,520 |
| | - | 4,238,520 |
| 19 Changes in inventories | For the year ended | For the year ended |
| | 31st March 2019 | 31st March 2018 |
| | (Rupees) | (Rupees) |
| Shares & Securities (at lower of cost or net realizable value) | - | 10,889,865 |
| Opening balance of stock in trade | - | - |
| Less: closing balance of stock in trade | - | - |
| | - | 10,889,865 |
| 20 Employee benefit expenses | For the year ended | For the year ended |
| | 31st March 2019 | 31st March 2018 |
| | (Rupees) | (Rupees) |
| Salaries and allowances | 7,028,788 | 5,576,480 |
| Staff welfare expenses | 123,264 | 301,178 |
| | 7,152,052 | 5,877,658 |

| | | |
|---|---------------------------|---------------------------|
| 21 Finance Cost | For the year ended | For the year ended |
| | 31st March 2019 | 31st March 2018 |
| | (Rupees) | (Rupees) |
| Interest on borrowing | 22,312,591 | - |
| | 22,312,591 | - |
| 22 Other expenses | For the year ended | For the year ended |
| | 31st March 2019 | 31st March 2018 |
| | (Rupees) | (Rupees) |
| Advertisement & publication expenses | 108,870 | 67,837 |
| Annual custodial fee | 100,900 | 120,816 |
| Payment to statutory auditors (Note - 28) | 66,080 | 56,284 |
| Bad debts written off | 1,700,000 | - |
| Bank charges | 1,343 | - |
| Books & periodicals | 16,983 | 22,050 |
| Business promotion | 21,240 | 2,837,812 |
| BSE listing fees | 295,000 | 287,500 |
| Car insurance | 60,000 | 67,263 |
| Conveyance expenses | 126,831 | 365,956 |
| Demat charges | - | 22,456 |
| Rent | 116,630 | 188,935 |
| Postage, courier, fax & telegrams | 23,982 | 19,218 |
| Printing and stationery | 24,725 | 31,010 |
| Professional charges | 90,440 | 54,136 |
| Membership fees | 25,526 | 17,700 |
| Miscellaneous expenses | 46,019 | 27,927 |
| RTA expenses | 43,855 | 37,978 |
| Telephone & mobile expenses | 8,914 | 72,030 |
| Tours & travelling expenses | 106,635 | 283,030 |
| Vehicle running & maintenance | 92,360 | 214,060 |
| | 3,076,333 | 4,793,998 |

Independent Auditor's Report

To
The members of
SONAL MERCANTILE LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SONAL MERCANTILE LIMITED (hereby referred to as the 'Company') and its associates, which comprise the consolidated balance sheet as at 31st March 2019, the consolidated statement of profit and loss and the consolidated cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereby referred as 'the consolidated financial statement').

In our opinion and to the best of our information and 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 standard (AS) prescribed under section 133 the Companies Act, 2013 read with the Companies (Accounting Standard) Rules, 2006, as amended and the other accounting principles generally accepted in India: -

1. In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March, 2019;
2. In case of Consolidated Statement of Profit and Loss , of the consolidated profit for the year ended on that date; and
3. In case of Consolidated Cash Flow Statement, of the consolidated 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 Act. 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 Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidences we have obtained are 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>Loans and advances: -</p> <p>As primary business of Company is advancing of the loan and during the year significant loan advancing transactions taken place.</p> <p>We focused on the conditions of disbursement and appropriateness of sanctioning process.</p> | <p>Our audit procedure inter- alia include the following: -</p> <p>1.We evaluated the control environment including authorization, sanctioning and disbursement of significant loans advanced during the year.</p> <p>2.We have obtained external confirmations from third parties in respect of transactions and closing balance for significant loans advanced by the company.</p> |

| | | |
|----|---|--|
| | | 3. We tested all material entries recorded in connection with the loan advance and interest thereon to determine whether the accounting was appropriate. |
| 2. | Compliance of RBI directions and circulars: The recent RBI regulations increased the responsibility of auditors of NBFCs. As Company is an NBFC, it is responsibility of Company to duly follow the directions and circulars. We focused on the requisite compliance and disclosure as per the requirements in the norms. | Our audit procedure inter- alia include the following: - We have reviewed the conditions for prudential norms prescribed by the RBI including: - Provision on standard assets; 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; and Maintaining minimum Net Owned Fund of Rs. 200 Lakhs. |

Information other than the consolidated financial statements and Auditor's Report Thereon

The Board of Directors of the Company and its associates are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Management's Responsibility for the Consolidated Financial Statements

The Board of directors of Company and its associates are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the AS and the other accounting principles generally accepted in India. 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 its associates 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 are operating effectively for insuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the consolidated 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.

The Board of Directors of the Company and of its associates is responsible for overseeing the financial reporting process of the Company and of its associates.

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

Our objectives are to obtain a 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 our 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 due to 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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.
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 Company and its associates 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 Company 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.

Materiality is the magnitude of misstatements in the consolidated financial statement, individually or in aggregate, makes it probable that the economic decision of reasonable knowledgeable user of the consolidated financial statement 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 consolidated 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 controls 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, relevant 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, 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

We did not audit the financial statements of one associate company, whose net assets of Rs. 4,56,31,745 as at 31st March, 2019, and company's share of net profit of Rs. 3,94,68,600 for the year ended on that date has been considered in the consolidated financial statements. 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, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements.

Report on Other Legal and Regulatory Requirements

4. 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 of aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relation 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;
- c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors of the Company as on 31st March, 2019 taken on record by the Board of Directors of the Company and the reports on its associate company, none of the directors of the Company and its associate company is disqualified as on 31st March, 2019 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 its associates 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 and its associates internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There were no pending litigations would impact the consolidated financial position of the Company and its associates (Refer note 27 of notes on the financial statements).

- ii. The Company and its associates 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 and its associates company.
- iv. The Company and its associate are not required to transfer any amount to the Investor Education and Protection Fund.

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

O.P. Pareek
Partner
Membership No. 014238

New Delhi, the 30th day of May 2019

ANNEXURE- A TO THE 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

In conjunction with our audit of the consolidated financial statement of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of SONAL MERCANTILE LIMITED (hereinafter referred to as "the Company") along with its associate, as of that date.

Management's Responsibility for the Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipt and expenditures of the Company are being only in accordance with authorizations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company and its associate company, have, 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 2019, 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 reports under section 143(3)(i) 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, is based on the opinion of the auditor of such company.

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

O.P. Pareek
Partner
Membership No. 014238

New Delhi, the 30th day of May 2019

| SONAL MERCANTILE LIMITED CIN : L51221DL1985PLC022433 CONSOLIDATED BALANCE SHEET AS ON 31.03.2019 | | | |
|--|-------|-----------------------------|-----------------------------|
| Particulars | Notes | 31st March 2019 (Rupees) | 31st March 2018 (Rupees) |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Shareholders' fund | | | |
| Share Capital | 3 | 147,385,250 | - |
| Reserves and Surplus | 4 | 127,326,056 | - |
| Non-current liabilities | | | |
| Long Term Borrowings | 5 | 670,930,168 | - |
| Long-Term Provisions | 6 | 2,088,396 | - |
| Current liabilities | | | |
| Other Current Liabilities | 7 | 2,092,910 | - |
| Total | | 949,822,780 | - |
| <u>ASSETS</u> | | | |
| Non-Current Assets | | | |
| Property, plant & equipment | 8 | 305,150 | - |
| Non-Current Investments | 9 | 45,881,745 | - |
| Deferred Tax Assets (net) | 10 | 207,296 | - |
| Long-term Loans and Advances | 11 | 809,344,453 | - |
| Current Assets | | | |
| Current Investment | 12 | 7,550,000 | - |
| Cash and Cash Equivalents | 13 | 56,922,194 | - |
| Short- term loan and advances | 14 | 26,037,841 | - |
| Other Current Assets | 15 | 3,574,101 | - |
| Total | | 949,822,780 | - |
| <p>Notes on financial statement 1 to 35 The accompanying notes are an integral part of the consolidated financial statements. As per our report of even date</p> <p>FOR V.N. PUROHIT & CO. Chartered Accountants Firm Regn. No. 304040E</p> <p>For and on behalf of the Board of Directors of Sonal Mercantile Limited</p> <p>Sd/- Vikram Goyal Whole time Director DIN: 00381115</p> <p>Sd/- Rajan Goyal Director DIN: 02600825</p> <p>Sd/- O.P Pareek Partner Membership No. 014238 New Delhi, the 30th day of May 2019</p> <p>Sd/- Rohit Saraogi CFO PAN: BVCPS4684L</p> | | | |

| SONAL MERCANTILE LIMITED CIN : L51221DL1985PLC022433 CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31.03.2019 | | | |
|--|-------|---|---|
| Particulars | Notes | From 1st April 2018 to 31 st March 2019 (Rupees) | From 1st April 2017 to 31 st March 2018 (Rupees) |
| Income | | | |
| Revenue from operations | 16 | 41,316,459 | - |
| Other Income | 17 | 787,089 | - |
| Total Revenue (I) | | 42,103,548 | - |
| Expenses | | | |
| Purchases of stock in trade | 18 | - | - |
| Changes in inventories | 19 | - | - |
| Employee benefit expenses | 20 | 7,152,052 | - |
| Finance Cost | 21 | 16,149,446 | - |
| Depreciation | 8 | 144,648 | - |
| Other expenses | 22 | 3,076,333 | - |
| Total (II) | | 26,522,479 | - |
| Profit/ (loss) before tax (I - II) | | 15,581,069 | - |
| Tax expenses | | | |
| Current Tax | | 2,435,652 | - |
| Deferred tax | | 10,891 | - |
| Total Tax Expenses | | 2,446,543 | - |
| Profit/ (loss) for the year after tax (PAT) | | 13,134,526 | - |
| Minority Interest in the statement of profit & loss | | - | - |
| Profit/(Loss) for the period after minority Interest | | 13,134,526 | - |
| Share of Profit/(Loss) in Associates | | 39,468,600 | - |
| Profit/(Loss) for the period (XVII+XVIII) | | 52,603,126 | - |
| Earning per share (EPS) | | | |
| [nominal value of share Rs. 10/-] | | | - |
| Basic | | 3.57 | - |
| Diluted | | 3.57 | - |
| Notes on financial statement 1 to 35 The accompanying notes are an integral part of the consolidated financial statements. As per our report of even date FOR V.N. PUROHIT & CO. Chartered Accountants Firm Regn. No. 304040E Sd/- O.P. Pareek Partner Membership No. 014238 New Delhi, the 30th day of May 2019 | | | |
| For and on behalf of the Board of Directors of Sonal Mercantile Limited Sd/- Vikram Goyal Wholetime Director DIN: 00381115 Sd/- Rohit Saraogi CFO PAN: BVCPS4684L | | | |
| Sd/- Rajan Goyal Director DIN: 02600825 | | | |

| SONAL MERCANTILE LIMITED CIN : L51221DL1985PLC022433 CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2019 | | |
|---|---|---|
| | For the year ended 31st March 2019 (Rupees) | For the year ended 31st March 2018 (Rupees) |
| <u>CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| Net profit before tax and after extra- ordinary items (As per standalone profit & loss account) | 15,581,069 | - |
| Adjustments for Depreciation | 144,648 | - |
| Adjustments for Interest on borrowings | 16,149,446 | - |
| Adjustments for Interest on fixed deposits | (718,674) | - |
| Operating Profit before working capital changes | 31,156,489 | - |
| <u>Working Capital adjustments:-</u> | | |
| (Increase)/ decrease in loans and advances | (615,313,850) | - |
| (Increase)/ decrease in other Current Assets | (973) | - |
| Increase/ (decrease) in current liabilities | 2,041,661 | - |
| Cash generated from operations | (582,116,673) | - |
| Direct Taxes Paid | (3,706,560) | - |
| Net cash flow from operating activities (A) | (585,823,233) | - |
| <u>CASH FLOW FROM INVESTING ACTIVITIES</u> | | |
| Purchase of investments | (7,550,000) | - |
| Interest on fixed deposits | 718,674 | - |
| Net cash flow from investing activities (B) | (6,831,326) | - |
| <u>CASH FLOW FROM FINANCING ACTIVITIES</u> | | |
| Net Proceeds from borrowings | 664,767,021 | - |
| Interest on borrowings | (16,149,446) | - |
| Net cash flow from financing activities (C) | 648,617,575 | - |
| Net cash flow during the year (A + B + C) | 55,963,016 | - |
| Add: Opening cash and cash equivalents | 959,178 | - |
| Closing cash and cash equivalents | 56,922,194 | - |
| Components of cash and cash equivalents | | |
| Cash in hand | 172,239 | - |
| <u>Balances with bank</u> | | |
| In Current accounts | 4,118,688 | - |
| In Fixed deposits | 52,631,267 | - |
| Total cash and cash equivalents (Note 13) | 56,922,194 | - |
| The accompanying notes are an integral part of the standalone financial statements. | | |
| As per our report of even date | | |
| FOR V.N. PUROHIT & CO. | For and on behalf of the Board of Directors of | |
| Chartered Accountants | Sonal Mercantile Limited | |
| Firm Regn. No. 304040E | | |
| | Sd/- | Sd/- |
| | Vikram Goyal | Rajan Goyal |
| | Whole Time Director | Director |
| | DIN: 00381115 | DIN: 02600825 |
| O.P. Pareek | Rohit Saraogi | |
| Partner | CFO | |
| Membership No. 014238 | PAN: BVCPS4684L | |
| New Delhi, the 30th day of May 2019 | | |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

1.1 Basis of preparation

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

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

1.2 Principles of Consolidation

The consolidated financial statements relate to Sonal Mercantile Limited ('the Company'), and its associate company. The consolidated financial statements have been prepared on the following basis: -

- (i) The consolidated financial statements include consolidated balance sheet, consolidated statement of profit and loss, consolidated statement of cash flows and notes to the consolidated financial statements and explanatory statements that form an integral part thereof. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent for standalone financial statements.
- (ii) The consolidated financial statements of the associate company used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2019.
- (iii) The consolidated financial statements include the share of profit/ loss of the associate company which has been accounted as per the 'Equity method' in accordance with Accounting Standard 23- "Accounting for Investments in Associates in Consolidated Financial Statements", and accordingly, the share of profit/ loss of the associate company (the loss being restricted to the cost of investment) has been added to/ deducted from the cost of investments. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
- (iv) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

Investments other than in subsidiary or associates have been accounted as per Accounting Standard -13 on "Accounting for Investments".

2. Summary of significant accounting policies

a. Use of Estimates:

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as on

the date of the consolidated financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying consolidated financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known/ materialized.

b. Changes in accounting policy:

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

c. Revenue recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company & revenue is reliably measured. Accordingly wherever there is uncertainty in the realization of income, the same is not accounted for till such time the uncertainty is resolved.

Income from sale of shares is recognized on the execution of the transaction on the stock exchange. All expenses are accounted for on accrual basis. Interest income is recognized on time proportionate basis starting from the date of disbursement of loan.

d. Property, plant & equipment:

Property, plant & equipment are stated at cost of acquisition or construction net of taxes which are subject to input tax credit as reduced by accumulated depreciation thereon. The cost of assets comprises of its purchase price and any directly attributable cost of bringing the assets to their location and working condition upto the date of its intended use.

e. Depreciation:

Property, plant & equipment are depreciated on written down value method over the estimated useful lives of the assets considering the guidelines of Part C of Schedule II to the Companies Act, 2013.

f. Valuation of Inventories:

Inventories of stock in trade are valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course less the estimated cost of completion and the estimated costs necessary to make the sale.

g. Accounting for taxes on income:

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

h. Employee Benefits:

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

i. Borrowing Cost:

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

j. Earnings Per Share:

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

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

k. Cash and Cash Equivalents:

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

l. Investments:

Investments are classified into long term investments and current investments. Investments that are intended to be held for one year or more are classified as long term investments and investments that are intended to be held for less than one year are classified as current investments.

Long term investments are valued at cost. Provision for diminution in the value of long term investments is made if in the opinion of the management such a decline is other than temporary. Current investments are valued at cost or market value, whichever is lower. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit or loss.

m. Provision

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resource embodying economic benefits will be require to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are review at the end of each reporting date and adjusted to reflect the current best estimates.

SONAL MERCANTILE LIMITED

CIN : L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2019

3 Share capital**As at 31st March 2019****Authorised shares**

1,50,00,000 equity shares of Rs.10 each

150,000,000

Issued, subscribed and fully paid- up shares

1,47,38,525 equity shares of Rs.10 each fully paid-up

147,385,250

Total issued, subscribed and fully paid- up share capital**147,385,250****a. Reconciliation of Shares outstanding at the beginning and at the end of reporting period****As at 31st March 2019**

| | Nos. | (Rupees) |
|--|-------------------|--------------------|
| Share Capital at the beginning of the period | 14,738,525 | 147,385,250 |
| Add:- Issued during the year | - | - |
| Outstanding at the end of the period | 14,738,525 | 147,385,250 |

b. Terms and rights attached to equity shares

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

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

c. Details of shareholders holding more than 5% shares in the company**As at 31st March 2019**

| | Nos. | % holding |
|---------------------------------------|-------------|------------------|
| Rudraveerya Developers Limited | 3,652,960 | 24.79% |
| Ram Gopal Goyal & Sons LLP | 3,527,401 | 23.93% |
| Orion infradevelopers Private Limited | 924,731 | 6.27% |
| Orion Propmart Private Limited | 904,261 | 6.14% |
| Nabkri Developers Private Limited | 765,625 | 5.19% |

4 Reserves and surplus**As at 31st March 2019**

| | | (Rupees) |
|--|------------|-----------------|
| <u>Securities premium reserve</u> | | |
| Opening balance | 72,529,750 | |
| Add/(Less): - Issued /utilized during the year | - | |
| Closing balance | | 72,529,750 |

Special reserves u/s 45-IC of the RBI Act, 1934

| | | |
|--|-----------|-----------|
| Opening balance | 883,399 | |
| Add: transfer from the surplus in statement of profit/loss during the year | 2,626,905 | |
| Closing balance | | 3,510,304 |

Surplus/ (deficit) in statement of profit & loss

| | | |
|---|------------|--------------------|
| Balance as per last financial statements | 2,848,066 | |
| Add: profit/ (loss) for the year | 52,603,126 | |
| Less: contingent provision against standard assets | 1,538,285 | |
| Less:- T/f to special reserve u/s 45-IC of the RBI Act, 1934 | 2,626,905 | |
| Net surplus/ (deficit) in the consolidated statement of profit and loss | | 51,286,002 |
| | | 127,326,056 |

SONAL MERCANTILE LIMITED

CIN : L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2019

5 Long-term Borrowing**As at 31st March 2019**

| | (Rupees) |
|---------------------------------------|--------------------|
| Loan from related parties (unsecured) | 511,093,661 |
| Loan from others (unsecured) | 159,836,507 |
| | 670,930,168 |

6 Long-term provisions**As at 31st March 2019**

| | (Rupees) |
|---|------------------|
| Contingent provision against standard assets | |
| Opening Balance | 550,111 |
| Add: Addition /(written off) during the year | 1,538,285 |
| | 2,088,396 |

6.1 A contingent provision of 0.25% (0.25% till 31st March, 2018) against standard assets has been created on their respective outstanding amount considering RBI circular Ref. No. DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014.

7 Other current liabilities**As at 31st March 2019**

| | (Rupees) |
|------------------------|------------------|
| TDS payable | 1,544,642 |
| Salary payable | 497,881 |
| Audit fee payable | 43,200 |
| Other expenses payable | 7,187 |
| | 2,092,910 |

9 Non- current investments**As at 31st March 2019**

| | (Rupees) |
|--|-------------------|
| <u>In equity shares of associates (unquoted)</u> | |
| 25,000 (31st March 2018 : 25,000) fully paid Equity Shares of Rs. 10 each in Rudraveerya Developers Limited (Note 9.1) | 45,881,745 |
| | 45,881,745 |

9.1 Carrying amount of investment in associate in accordance with Accounting Standard 23 - "Accounting for associates in consolidated financial statements" is arrived as follows:

| | As at 31st March 2019 (Rupees) |
|--|-----------------------------------|
| Initial cost of investments | 229,400 |
| Add: - Goodwill on consolidation | 20,600 |
| Add: - Share in post acquisition profits | 45,631,745 |
| | 45,881,745 |

9.2 The figures used in computing "carrying amount of investment" as aforementioned have been arrived at on the basis of unaudited financial statements of the associate company.

10 Deferred tax asset (net)**As at 31st March 2019**

| | (Rupees) |
|--|----------------|
| On account of timing difference between written down value of property, plant & equipment as per Companies Act with that of Income Tax Act | 207,296 |
| | 207,296 |

SONAL MERCANTILE LIMITED

CIN : L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2019

11 Long- term loan and advances**As at 31st March 2019****(Rupees)**Unsecured, considered good: -

Loan portfolio (Note 11.1)

809,344,453

809,344,453

11.1 Standard Assets - as per the classification of loans under the RBI guidelines.

12 Current Investments**As at 31st March 2019****(Rupees)**

Investment in Properties (Note 12.1)

7,550,000

7,550,000

12.1 The Company has paid advance of Rs. 75.50 Lakhs against purchase of agricultural land situated at Distt. Sonipat, Haryana to be kept as an investment vide agreement to sale . Sale Deed is yet to be executed in this regard.

13 Cash and cash equivalents**As at 31st March 2019****(Rupees)**

Cash on hand (as certified)

172,239

Balances with banks: -

in current Account

4,118,688

in fixed deposits

52,631,267

56,922,194**14 Short-term loan and advances****As at 31st March 2019****(Rupees)**

Loan to body corporate (unsecured)

21,643,316

Loan to others (unsecured)

4,370,525

Security deposits

24,000

26,037,841

14.1 Standard assets - as per the classification of loans under the RBI guidelines.

15 Other current assets**As at 31st March 2019****(Rupees)**

Advance income tax (net of provision)

3,532,179

Prepaid expenses

41,922

3,574,101**16 Revenue from operations****For the year ended****31st March 2019****(Rupees)**

Interest earned on loans

41,316,459

41,316,459**17 Other Income****For the year ended****31st March 2019****(Rupees)**

Interest on fixed deposits

718,674

Interest on income tax refund

68,415

787,089

SONAL MERCANTILE LIMITED

CIN : L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2019

18 Employee benefit expenses**For the year ended****31st March 2019****(Rupees)**

| | |
|-------------------------|------------------|
| Salaries and allowances | 7,028,788 |
| Staff welfare expenses | 123,264 |
| | 7,152,052 |

19 Finance Cost**For the year ended****31st March 2019****(Rupees)**

| | |
|------------------------|-------------------|
| Interest on borrowings | 16,149,446 |
| | 16,149,446 |

20 Other expenses**For the year ended****31st March 2019****(Rupees)**

| | |
|---|------------------|
| Advertisement & Publication Expenses | 108,870 |
| Annual Custodial Fee | 100,900 |
| Payment to statutory auditors (Note 26) | 66,080 |
| Bad debts written off | 1,700,000 |
| Bank Charges | 1,342 |
| Books & periodicals | 16,983 |
| Business promotion | 21,240 |
| BSE listing fees | 295,000 |
| Car insurance | 60,001 |
| Conveyance expenses | 126,831 |
| Rent | 116,630 |
| Postage, courier, fax & telegrams | 23,982 |
| Printing and stationery | 24,725 |
| Professional charges | 90,440 |
| Membership fees | 25,526 |
| Miscellaneous expenses | 46,019 |
| RTA expenses | 43,855 |
| Telephone & Mobile Expenses | 8,914 |
| Tours & Travelling Expenses | 106,635 |
| Vehicle Running & Maintenance | 92,360 |
| | 3,076,333 |

21. There are no dues to Micro, Small and Medium Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 which are outstanding for a period more than 45 days as at balance sheet date.

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

22. Balances shown under head sundry debtors, creditors and advances are subject to confirmation.
23. The Company does not have reportable segment for the current year. Segment reporting has been disclosed in standalone financial statements due to presence of reportable segment in previous year. Since, the consolidated financial statements are prepared for the first time, there is no requirement for segment reporting in current years in consolidated financial statements.
24. Necessary disclosures as per requirements of Accounting Standard (AS) - 18 on 'Related Party Disclosures' are made as under: -

a) Related Parties Covered: -

| | | |
|-------|--|---|
| (i) | Associate Company | M/s. Rudraveerya Developers Limited |
| (ii) | Key Management Personnel | Mr. Deepak (Director) Ms. Tanisha Bhagat (Director) Mr. Rajan Goyal (Director) Mr. Vikram Goyal (Director) Mr. Deep Chand Singhal (Past Director) Mr. Rohit Saraogi (CFO) Ms. Richa Sharma (Past Company Secretary) Ms. Deepika Rathore (Past Company Secretary) Ms. Anjali Aggarwal (Past CFO) |
| (iii) | Relatives of Key Management Personnel | None |
| (iv) | Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives | None |

b) Transaction with Related Parties: -

| | Transaction with | Nature of Transaction | Transactions during the year ended | Balance as at |
|-------|--|-----------------------|------------------------------------|---------------------|
| | | | 31/03/2019 (Rs.) | 31/03/2019 (Rs.) |
| (i) | <u>Associate Company: -</u> | | | |
| | M/s. Rudraveerya Developers Limited | Loan received | 50,00,00,000 | 50,00,00,000 |
| | | Interest paid | 1,23,26,290 | 1,10,93,661 |
| (ii) | Key Management Personnel: - | | | |
| | Mr. Rohit Saraogi | Salary | 6,00,000 | 49,077 |
| | Ms. Richa Sharma | Salary | 4,09,788 | Nil |
| (iii) | <u>Relatives of Key Management Personnel: - None</u> | | | |
| (iv) | <u>Enterprises in which Key Management Personnel and Relatives are having significant influences: - None</u> | | | |

| | | |
|-----|---|-----------------------------|
| 25. | Particulars | 31/03/2019 (Rs.) |
| | Earnings/ Remittances and/ or Expenditure in Foreign Currency | Nil |

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

| Particulars | 31/03/2019 (Rs.) |
|---|---------------------|
| In respect of Statutory Audit (including tax audit) | 47,200 |
| In respect of Certification | 18,880 |
| TOTAL | 66,080 |

| | | |
|-----|--|-----------------------------|
| 27. | Particulars | 31/03/2019 (Rs.) |
| | Contingent liabilities provided for | Nil |
| | Pending litigations by / against the Company | None |

28. The following associate has been considered on unaudited basis in the Consolidated Financial Statements: -

| S.No. | Name of Associate | Country of Incorporation | Equity holding |
|-------|--------------------------------|--------------------------|----------------|
| | | | 31/03/2019 |
| (i) | Rudraveerya Developers Limited | India | 50.00% |

29. Additional information pursuant to the requirement of Schedule III of the Companies Act, 2013 in consolidated financial statements is as under: -

| Name | Net Assets | | Share in Profit or Loss | |
|---------------------------------|-----------------------------------|---------------------|---------------------------------------|--------------------|
| | As a % of consolidated Net Assets | Amount (in Rs.) | As a % of Consolidated Profit or Loss | Amount (in Rs.) |
| Parent Company | | | | |
| Sonal Mercantile Limited | 83.39% | 22,90,79,561 | 24.97% | 1,31,34,526 |
| Associate Company | | | | |
| Rudraveerya Developers Limited# | 16.61% | 4,56,31,745 | 75.03% | 3,94,68,600 |
| Total | 100.00% | 27,47,11,306 | 100.00% | 5,26,03,126 |

Unaudited financials considered for consolidation

30. The Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses.
31. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
32. As the consolidated financial statements are prepared for the first time, previous year figures shall not appear.
33. The consolidated financial statements were approved for issue by the board of directors on 30th May, 2019.
34. Figures have been rounded off to the nearest rupees.
35. Figures in brackets indicate negative (-) figures.
In terms of our report of even date annexed

June 12, 2019

Dear Members,

You are cordially invited to attend the **34th Annual General Meeting (AGM)** of the members of **Sonal Mercantile Limited** ('the Company') to be held on **Friday, July 12, 2019 at 02:00 P.M.** at the Registered Office of the Company at **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085.**

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

Thanking You

By Order of the Board of Directors

Sd/-

Vikram Goyal
(Whole Time Director)

Registered Office:

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

CIN: L51221DL1985PLC022433

Website: www.sonalmercantile.in

Email: sonalmercantile@yahoo.in

Tel. No.: 011-49091417

NOTICE

NOTICE is hereby given that the **Thirty Fourth Annual General Meeting (AGM)** of the members of the Company will be held on **Friday, July 12, 2019 at 02:00 P.M.** at the Registered Office of the Company at **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085** to transact the following business:

Ordinary Business:

1. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements (Standalone as well as Consolidated) of the Company for the year ended March 31, 2019, 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.

3. Re-appointment of Statutory Auditors

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

“RESOLVED THAT, pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 and the rules made there under, *M/s V.N. Purohit & Co., Chartered Accountants (Firm Registration Number: 304040E)* be and is hereby re-appointed as a Statutory Auditor of the Company for a period of Four Years and to hold office from the conclusion of the 34th Annual General Meeting of the Company till the conclusion of the 37th Annual General Meeting and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period.”

Special Business:

4. Re-classification of Persons/Entities forming part of the Promoter Group from ‘Promoter & Promoter Group Category’ to ‘Public Category’

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment thereof, for the time being in force and other applicable provisions, and subject to necessary approvals from the SEBI Board, Stock Exchanges and other appropriate statutory authorities as may be necessary, the consent of the Members of the Company be and is hereby accorded to reclassify the following persons/entities (hereinafter individually and jointly referred to as the ‘applicants’) forming part of the Promoter Group from ‘Promoter & Promoter Group Category’ to ‘Public Category’.

| <u>Name of the Shareholders</u> | <u>No. of shares held</u> | <u>% of the paid up capital</u> |
|--|----------------------------------|--|
| VISHNU MITTAL | NIL | NIL |
| DEEP CHAND SINGHAL | NIL | NIL |
| SUNIL KUMAR | NIL | NIL |
| CHETNA SINGHAL | NIL | NIL |
| SAVITRI MITTAL | NIL | NIL |

RESOLVED FURTHER THAT re-classification of promoter as public shareholders shall be subject to the following conditions:

- Such promoter shall not directly or indirectly exercise control over the affairs of the entity.
- Increase in the level of public shareholding pursuant to re-classification of promoter shall not be counted towards achieving compliance with minimum public shareholding requirement under rule 19A of the Securities Contracts (Regulations) Rules, 1957, and the provisions of Regulation 38 of SEBI(LODR) Regulations, 2015.
- The event of re-classification shall be disclosed to the stock exchange as a material event in accordance with the provisions of these regulations.
- Board may relax any condition for re-classification in specific cases, if it is satisfied about non-exercise of control by the outgoing promoter or its person acting in concert.

RESOLVED FURTHER THAT after such reclassification following shall be the Promoters of the Company

| <u>Name of the Shareholders</u> | <u>No. of shares held</u> | <u>% of the paid up capital</u> |
|--|----------------------------------|--|
| VIKRAM GOYAL | NIL | NIL |
| RAJAN GOYAL | NIL | NIL |
| RAM GOPAL GOYAL & SONS LLP | 35,27, 401 | 23.93% |

RESOLVED FURTHER THAT on approval of the SEBI Board/ Stock Exchanges upon application for reclassification of the aforementioned applicants, the Company shall effect such reclassification in the Statement of Shareholding Pattern from immediate succeeding quarter under Regulation 31 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, and other applicable provisions.

RESOLVED FURTHER THAT any of the Directors of the Company or such other person as authorized by the Board, be and is hereby authorized to submit application for reclassification to the SEBI Board, Stock Exchanges wherein the securities of the company are listed or any other regulatory body as may be required and to take such steps expedient or desirable to give effect to this resolution.

5. **Regularization of additional Independent Director, Mr. Deepak as Non-Executive, Independent Director on the Board of the Company**

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

“RESOLVED THAT, the consent of the members of the Company be and is hereby accorded to the Company to regularize the appointment of Mr. Deepak (DIN: [07878217](#)), who was appointed as an Additional Director (Independent) by the Board of Directors in their meeting held on March 26, 2019, in terms of Section 161, 149(6), 152 and Schedule IV of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR/Listing Regulations) including any statutory modifications or re-enactment(s) thereof as an Independent Director of the Company, not liable to retire by rotation and who will hold office for a period of five years with effect from March 26, 2019 up to March 25, 2024 as approved by the Board of Directors.”

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

**Date: June 12, 2019
Place: New Delhi**

**Sd/-
Vikram Goyal
Whole Time Director**

NOTES:

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

B. **APPOINTMENT OF PROXY:** A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The Proxy Form in order to be effective must be deposited with the Company not less than 48 hours before the time fixed for commencement of the meeting. Proxy form is enclosed with the Notice of AGM. Proxy forms submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable. Pursuant to Section 105 of the Companies Act, 2013 (“the Act”), a person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

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

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

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

D. **Corporate Members:** Pursuant to Section 113 of the Companies Act, 2013, the Corporate Members intending to send their authorized representatives are requested to send a duly Certified Copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.

E. **Queries at the AGM:** In case you have any query relating to the enclosed Annual Accounts and queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office i.e. **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085** or on email Id i.e. sonalmercantile@yahoo.in at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.

F. Members are requested to notify any change in their address immediately to the share transfer Agent of the Company- **M/s Skyline Financial Services Private Limited, (“Skyline”) D-153A, Okhla Industrial Area, Phase-I, New Delhi- 110020**. If shares are held in electronic form, intimate any change in their addresses/bank details to the concerned Depository Participant.

G. **Book Closure:** The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, July 05, 2019 to Friday, July 12, 2019** (both days inclusive).

H. **Cut Off Date:**

a. This Notice is being sent to all the members whose name appears as on **Friday, June 07, 2019** in the register of members or beneficial owners as received from Skyline.

b. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on **Friday, July 05, 2019 (the “Cut- Off Date”)**

only shall be entitled to vote through Remote E-voting and at the AGM. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the Cut Off date.

- I. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/RTA.
- J. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Company's Registrar and Share Transfer Agent for consolidation into a single folio.
- K. Members holding shares in physical mode are advised to make nomination in respect of their shareholding in the Company in the nomination form (SH-13). Members holding shares in electronic mode may contact their respective DPs for availing the nomination facility.
- L. Members who have not registered / updated their e-mail addresses with RTA if shares are held in physical mode or with their DPs, if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically.
- M. **Inspection of Documents:** Documents referred to in the Annual General Meeting Notice are open for inspection at the registered office of the Company at all working days except Saturdays and Sundays between 11:00 A.M. to 01:00 P.M. up to the Date of AGM.

N. Communication to Members

- a. **Dispatch of Annual Report:** The Annual Report 2018-19 is being sent through electronic mode only to the members whose email addresses are registered with the Company/Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2018-19 are being sent by the permitted mode.
- b. Members may also note that the **Notice of the Thirty Fourth AGM** and the **Annual Report 2018-19** will be available on the Company's website, www.sonalmercantile.in. The Physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: sonalmercantile@yahoo.in.
- c. The Register of Directors and Key Managerial Personnel and their Shareholding, maintained under Section-170 of the Companies Act, 2013 are open for inspection at the registered office of the Company on all working days except Saturdays and Sunday, between 11:00 A.M. to 01:00 P.M. and will also be available for inspection by the members at the AGM.
- d. The Register of Contracts or Arrangements in which the directors are interested maintained under Section 189 of the Companies Act, 2013, are open for inspection at the registered office of the Company on all working days except Saturdays and Sundays, between 11:00 A.M. to 01:00 P.M. and will also be available for inspection by the members at the AGM.
- e. For convenience of the members and proper conduct of the meeting entry to the meeting venue will be regulated by attendance slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip along with a

valid identity proof such as the PAN Card, Passport, Aadhaar Card, Driving License etc. and hand it over at the registration counter at the venue.

- f. Only bonafide members of the Company whose name appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members for attending the meeting.
- g. As a measure of economy, copies of Annual Reports will not be distributed at the venue of the Annual General Meeting. Members are, therefore, requested to bring their own copies of the Annual Reports to the meeting.

O. Important Communication to Members: The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with the Company.

P. VOTING BY MEMBERS

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

VOTING THROUGH ELECTRONIC MEANS AND PROCEDURE THEREOF

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. **Instructions for e-voting:** A separate sheet containing the complete details of the instructions for e- voting is being sent to all the shareholders along with the Annual Report for the year 2018-19 to enable them to cast their votes through e-voting. This sheet is enclosed with this Notice of AGM.
- V. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper

for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

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

INSTRUCTIONS FOR E-VOTING

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

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

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

Details on Step 1 is mentioned below:

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

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

| |
|---|
| For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |
|---|

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

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

- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

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

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

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

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

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csrachna@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com 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.: 1800-222-990 or send a request at evoting@nsdl.co.in

Other Instructions:

- i. The e-voting period commences on **Tuesday, July 09, 2019 (10:00 A.M.)** and ends on **Thursday, July 11, 2019 (05:00 P.M.)**. During this period, Members holding shares either in physical form or in dematerialized form, as on **Friday, July 05, 2019, i.e. cut-off date**, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.
- ii. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through electronic voting system or poll paper.
- iii. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- iv. The facility for voting, either through tab based e-Voting system or ballot paper shall also be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting, may exercise their right to vote at the AGM.
- v. A member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- vi. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
- vii. Ms. Rachna Bhasin, Practicing Company Secretary (Membership No. ACS 23539/ COP 12952) has been appointed as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
- viii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
- ix. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.sonalmercantile.in and on the website of NSDL www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

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

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

Item no. 4

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to "Listing Regulations, 2015", effective from December, 2015 has provided a regulatory mechanism for re-classification of Promoters as Public shareholders subject to fulfillment of conditions as provided therein.

In this regard, the Company has received applications from the following promoter group person pursuant to Regulations 31A of the Listing Regulations, 2015 for re-classifying them under the Public Category since their names have been included as a part of the Promoter group.

They are not forming part of immediate relatives as per the definition of Promoter Group as provided in Regulations 2(1)(zb)(ii) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

| <u>Name of applicants classified under Promoter Group Category</u> | <u>No. of shares held</u> | <u>% of the paid up capital</u> |
|---|----------------------------------|--|
| VISHNU MITTAL | NIL | NIL |
| DEEP CHAND SINGHAL | NIL | NIL |
| SUNIL KUMAR | NIL | NIL |
| CHETNA SINGHAL | NIL | NIL |
| SAVITRI MITTAL | NIL | NIL |

The aforesaid shareholders are not connected, directly or indirectly whatsoever with any activity of the Company. The above referred shareholders do not directly or indirectly exercise control, over the affairs of the Company. They are also not holding any post of Key Managerial Personnel in the Company. They also do not have any special rights through formal or informal arrangements with the company or Promoters.

In view of the explanations given by the applicants as detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, 2015 the Board of Directors of the Company at their meeting held on January 29, 2019, have approved the applications for reclassification received by the Company as above from Promoter group category to Public category subject to approval by the members and relevant regulatory authorities. As required, intimation has been sent to Stock Exchange based on declaration received from the aforesaid persons.

None of the concerned persons, acting individually and in concert, directly or indirectly exercise control over the management and affairs of the Company. Their shareholding along with the persons acting in concert does not exceed 1% of the total share capital of the company.

Further as per Rule 19A of the Securities Contracts (Regulation) Rules, 1957, the public shareholding as on the date of the notice fulfils the minimum public shareholding requirement of at least 25% and the proposed reclassification does not intend to increase the Public Shareholding to achieve compliance with the minimum public shareholding requirement.

Your Directors recommend the passing of the Resolution as a Special Resolution. None of the Directors or Key Managerial Personnel of the Company or their relatives is in anyway concerned or interested in this Resolution.

Item No. 5

The Board of Directors of the Company had appointed **Mr. Deepak** as an Additional Director of the Company with effect from March **26, 2019**. In terms of Section 161 of Companies Act, 2013, Mr. Deepak will hold office up to the date of the forthcoming Annual general meeting or the last date, on which the Annual general meeting should have been held, whichever is earlier.

A brief profile of Mr. Deepak, including nature of his expertise, is annexed with this Notice. The Company has received a declaration of independence from Mr. Deepak.

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

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

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

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

**Date: June 12, 2019
Place: New Delhi**

**Sd/-
Vikram Goyal
Whole Time Director**

ANNEXURE TO THE NOTICE

Profile of Director seeking Re-Appointment at the forthcoming Annual General Meeting
(in pursuance of Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Secretarial Standard – 2 on General Meetings)

| Particulars | Description |
|---|--|
| Name of Director | Mr. Deepak |
| DIN | 07878217 |
| Date of Birth | February 12, 1977 |
| Age | 42 years |
| Category of the Director | Director (Non-Executive Independent) |
| Educational Qualifications | 10+2 |
| Experience | In the field of retail & trading business of Foods and other related products in Sirsa |
| Expertise in specific functional areas | He has good experience in Marketing and Research, good communication skill, interpersonal skills and sound business knowledge etc. |
| Date of Appointment on the Board | March 26, 2019 |
| Terms and conditions of appointment | For a term of five years |
| Remuneration last drawn | Nil |
| Remuneration proposed to be given | Nil |
| Number of shares held in the Company as on March 31, 2019 | 27,000 |
| List of Directorships held in other companies (excluding foreign, private and Section 8 companies) | Nil |
| Chairmanship / Membership of Committees in Audit and Stakeholders' Relationship Committees across Public Companies including Sonal Mercantile Limited | Yes |
| Relationship between Directors inter se | No relation |
| Number of meetings of the Board attended during the financial year 2018-19 (Out of total 14 Board Meetings held) | 2 |

| Particulars | Description |
|---|--|
| Name of Director | Mr. Rajan Goyal |
| DIN | 02600825 |
| Date of Birth | October 07, 1976 |
| Age | 43 years |
| Category of the Director | Director (Non-Executive Non Independent) |
| Educational Qualifications | Post Graduate |
| Experience | In the field of accounts, taxation, marketing, etc |
| Expertise in specific functional areas | He has good experience in Marketing and Research, good communication skill, interpersonal skills and sound business knowledge etc. |
| Date of Appointment on the Board | November 23, 2018 |
| Terms and conditions of appointment | Appointment as normal director |
| Remuneration last drawn | Nil |
| Remuneration proposed to be given | Nil |
| Number of shares held in the Company as on March 31, 2019 | - |
| List of Directorships held in other companies (excluding foreign, private and Section 8 companies) | Nil |
| Chairmanship / Membership of Committees in Audit and Stakeholders' Relationship Committees across Public Companies including Sonal Mercantile Limited | Yes |
| Relationship between Directors inter se | Yes, brother of Mr. Vikram Goyal |
| Number of meetings of the Board attended during the financial year 2018-19 (Out of total 14 Board Meetings held) | 6 |

SONAL MERCANTILE LIMITED
CIN: L51221DL1985PLC022433
Regd. Office: 372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085
E mail- sonalmercantile@yahoo.in; Website: www.sonalmercantile.in ; Tel: 011-49091417

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

| | | | |
|---------------------------------------|-------|---------------------|-------|
| DP Id* | _____ | Folio No. | _____ |
| Client Id* | _____ | No. of Share | _____ |
| Name and Address of the Member | _____ | | |
| Name and Address the of Proxy | _____ | | |

I hereby record my presence at the **Thirty Fourth Annual General Meeting** of the members of the Company held on **Friday, July 12, 2019** at **02:00 P.M.** at **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085.**

Signature of Shareholder / Proxy

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

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

SONAL MERCANTILE LIMITED
CIN: L51221DL1985PLC022433
Regd. Office: 372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085
E mail- sonalmercantile@yahoo.in; Website: www.sonalmercantile.in ; Tel: 011-49091417

FORM NO. MGT-11
PROXY FORM

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

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

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

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Thirty Fourth Annual General Meeting** of the members of the Company to be held on **Friday, July 12, 2019 at 02:00 P.M.** at **372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085** and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Particulars |
|--------------------------|---|
| ORDINARY BUSINESS | |
| 1 | Adoption of Audited Financial Statement (Standalone and Consolidated) for Financial Year 2018-2019 |
| 2 | Re-Appointment of Director liable to retire by rotation. |
| 3 | Re-appointment of Statutory Auditors |
| SPECIAL BUSINESS | |
| 4 | Re-classification of Persons/Entities forming part of the Promoter Group from 'Promoter & Promoter Group Category' to 'Public Category' |
| 5 | Regularization of Mr. Deepak as Director (Independent) of the Company |

Signed this.....day of.....2019 Signature of Shareholder.....

Affix
Revenue
Stamp

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

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

NOTES:

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

AGM VENUE ROUTE MAP

