

Sonal Mercantile Limited



Annual Report 2019-2020

Contents

Serial No.	Particulars	Page Number
1.	<i>Chairman's Message</i>	2
2.	<i>Company's Information</i>	3
3.	<i>Notice of Thirty Third Annual General Meeting</i>	5
3(a)	<i>Annexures to Notice</i>	12
4.	<i>Board's Report</i>	16
	<i>Annexures of Board's Report</i>	
4 (a)	<i>Secretarial Audit Report</i>	23
4 (b)	<i>Extract of Annual Return (Form MGT-9)</i>	26
4 (c)	<i>Statement of Particulars of Employees</i>	33
4 (d)	<i>Disclosure of Particulars of Contracts/ Arrangements (Form AOC-2)</i>	34
5.	<i>Management Discussions and Analysis Report (MDAR)</i>	35
6.	<i>Corporate Governance Report (CGR)</i>	38
	<i>Annexures of Corporate Governance Report</i>	
6 (a)	<i>Certificate for adherence to the Code of Conduct</i>	53
6 (b)	<i>Director and CFO Certification to the Board</i>	54
6 (c)	<i>Certificate of compliance of conditions of Corporate Governance</i>	55
6(d)	<i>Certificate of Non-Disqualification of Directors</i>	56
7.	<i>Standalone Financial Statements</i>	
7(a)	<i>Independent Auditors Report with Annexure</i>	
7(b)	<i>Standalone Balance Sheet of F.Y. 2019-2020</i>	
7(c)	<i>Standalone Statement of Profit & Loss Account for year ended March 31, 2020</i>	
7(d)	<i>Standalone Cash Flow Statement of F.Y. 2019-2020</i>	
7(e)	<i>Notes on Standalone Financial Statements</i>	
8	<i>Consolidated Financial Statements</i>	
8(a)	<i>Independent Auditors Report with Annexure</i>	
8(b)	<i>Consolidated Balance Sheet of F.Y. 2019-2020</i>	
8(c)	<i>Consolidated Statement of Profit & Loss Account for year ended March 31, 2020</i>	
8(d)	<i>Consolidated Cash Flow Statement of F.Y. 2019-2020</i>	
8(e)	<i>Notes on Consolidated Financial Statements</i>	

Chairman's Message

Dear Members

It's a pleasure to present the Annual Report of Financial Year 2019-2020 of your Company. This year was remarkable; your Company had earned profit of Rs. 191.60 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
Mr. Deepak	-	Independent Director
Ms. Tanisha Bhagat	-	Independent Director (Resigned w.e.f 16-03-2020)

CHIEF FINANCIAL OFFICER

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

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Kush Mishra	-	Company Secretary & Compliance Officer
-----------------	---	--

STATUTORY AUDITOR

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

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

REGISTRAR AND SHARE TRANSFER AGENT

Skyline Financial Services Private Limited
D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110 020
Tel No.: 011-26812682, 83
Email Id: admin@skylinerta.com Website: www.skylinerta.com

BANKERS OF THE COMPANY

Union Bank of India

LISTED AT/ RBI REGISTRATION NUMBER / CORPORATE IDENTIFICATION NUMBER

Listed At:

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

RBI Registration Number: B-14.02393 Dated 19/07/2002

Corporate Identification Number: L51221DL1985PLC022433

BOARD COMMITTEES

Audit Committee	Mr. Deepak (Chairman)
	Ms. Tanisha Bhagat (Member)
	Mr. Rajan Goyal (Member)
Nomination & Remuneration Committee	Ms. Tanisha Bhagat (Chairperson)
	Mr. Deepak (Member)
	Mr. Rajan Goyal (Member)
Stakeholders & Relationship Committee	Mr. Deepak (Chairman)
	Ms. Tanisha Bhagat (Member)
	Mr. Rajan Goyal (Member)
Risk Management Committee	Mr. Deepak (Chairman)
	Mr. Rajan Goyal (Member)
	Mr. Vikram Goyal (Member)

NOTICE

NOTICE is hereby given that the **Thirty Fifth Annual General Meeting (AGM)** of the members of the Company will be held on **Friday, October 16, 2020 at 02:00 P.M.** through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') to transact the following business:

Ordinary Business:

1. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements (Standalone as well as Consolidated) of the Company for the year ended March 31, 2020, along with the reports of the Board of Directors and the Auditors thereon.

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

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

Special Business:

3. Regularization of Additional Independent Director, Mrs. Rati Goswami 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 Mrs. Rati Goswami (DIN: 08765348), who was appointed as an Additional Director (Independent) by the Board of Directors in their meeting held on June 20, 2020, 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 June 20, 2020 up to June 20, 2025 as approved by the Board of Directors.”

4. Regularization of additional Independent Director, Mr. Munish Kumar Garg 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. Munish Kumar Garg** (DIN: 08866982), who was appointed as an Additional Director (Independent) by the Board of Directors in their meeting held on September 08, 2020, 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 September 08, 2020 up to September 08, 2025 as approved by the Board of Directors.”

5. **Regularization of additional Independent Director, Mr. Pardeep Kumar 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. Pardeep Kumar** (DIN: 08862414), who was appointed as an Additional Director (Independent) by the Board of Directors in their meeting held on March 26, 2020, 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 September 08, 2020 up to September 08, 2025 as approved by the Board of Directors.”

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

**Date: September 19, 2020
Place: New Delhi**

**Vikram Goyal
Whole Time Director**

Notes:

1. General Instructions for accessing and participating in the 35th AGM through VC/OAVM facility and voting through electronic means including remote e voting
- a. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
- b. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- c. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- d. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- e. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the Meeting is annexed thereto in respect of Items set out in the notice.
- f. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the EGM/AGM will be provided by NSDL.
- g. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.sonalmercantile.in. The Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
- h. In terms of section 152 of the Act, Mr. Rajan Goyal (DIN: 07110180), Director, retire by rotation at the meeting and being eligible, offer himself for re appointment.
Details of Director retiring by rotation, appointment/re appointment as required to be provided pursuant to the provision of (i) the Securities and Exchange Board of India (LODR) Regulation, 2015 and (ii) Secretarial Standard on General Meeting (SS-2), issued by the institute of Company Secretaries of India and approved by the Central Government are provided herein below in Annexure to the Notice.
- (i) In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote at the meeting.
- (j) Members are requested to submit their valid corresponding address proof for the updation of Company record or advise any change in their address with contact details by quoting their folio number to the Company/RTA for the future correspondence.
- (k) SEBI vide circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated the submission of copy of Permanent Account Number (PAN) by every participant in securities market. Therefore, members are requested to submit copy of their PAN and bank account

details. (Original cancelled cheque leaf/attested bank passbook showing name of account holder) to Company/skyline.

- (l) In the support of Green Initiative in Corporate Governance, members are requested to register their e mail address(es) and change therein from time to time, by directly sending the relevant e mail address along with details of name, address, folio no, shares held:

- (l) To the registrar and share transfer agent, M/s Skyline Financial Services Pvt Ltd. or Company for shares held in physical form/Demat;

Upon registration of the email address (es), the Company proposes to send notices, Annual Report and such other documents to those Members via electronic mode/e mail.

- (m) The remote e voting period begins on 13th October, 2020 at 9:00 AM and ends on 15th October, 2020 at 5:00 PM. The Remote e voting module shall be disabled by NSDL for voting thereafter.

Instructions for Members for Remote E voting:

- (i) Members should log on to the e voting system at www.evoting.nsdl.com during the login period.
- (ii) After login a new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
- (iii) Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID
For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID
For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company

- (i) 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) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
 - i) 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.
 - ii) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - iii) 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.
 - iv) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 - d) After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

- e) Now, you will have to click on “Login” button.
- f) After login select “EVEN” of Company for which you wish to cast your vote.
- g) Now you are ready for for e-voting as the voting page opens.
- h) 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.
- i) After receiving confirmation, the message “vote cast successfully” will be displayed.
- j) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (j) 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 to Mr. Yogesh Tiwari at evoting@nsdl.co.in

INSTRUCTIONS FOR VIDEO CONFERENCING:-

- 1) Before joining the meeting members/viewers should download cisco WebEx, webinar in advance and ready to connect fast for meeting.
- 2) Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e voting system. Members may access the same at <http://www.evoting.nsdl.com> under shareholders/members login by using the remote evoting credentials. The link for VC/OAVM will be available in shareholders/members login where the EVEN of Company will be displayed. Please note that the members who do not have the user ID and Password for e voting or have forgotten the user ID and Password may retrieve the same by following the remote e voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e Voting system of NSDL.
- 3) Further Members will be required to allow Camera and use internet with a good speed to avoid any disturbance during the meeting.
- 4) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email ID, mobile number at sonalmercantile@yahoo.in
- 5) Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account/folio number, email ID, mobile number sonalmercantile@yahoo.in The same will be relied by the Company suitably.

Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

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. 3

The Board of Directors of the Company had appointed **Mrs. Rati Goswami** as an Additional Independent Director of the Company with effect from June 20, 2020. In terms of Section 161 of Companies Act, 2013, Mrs. Rati Goswami 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 Mrs. Rati Goswami, including nature of his expertise, is annexed with this Notice. The Company has received a declaration of independence from Mrs. Rati Goswami.

In the opinion of the Board, Mrs. Rati Goswami 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 Mrs. Rati Goswami, is concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution set out at Item no. 3 for approval of the Members of the Company.

Item No. 4

The Board of Directors of the Company had appointed **Mr. Munish Kumar Garg** as an Additional Independent Director of the Company with effect from September 08, 2020. In terms of Section 161 of Companies Act, 2013, Mr. Munish Kumar Garg 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. Munish Kumar Garg, including nature of his expertise, is annexed with this Notice. The Company has received a declaration of independence from Mr. Munish Kumar Garg. In the opinion of the Board, Mr. Pardeep Kumar 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. Munish Kumar Garg, is concerned or interested (financially or otherwise) in this Resolution.

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

Item No. 5

The Board of Directors of the Company had appointed **Mr. Pardeep Kumar** as an Additional Independent Director of the Company with effect from September 08, 2020. In terms of Section 161 of Companies Act, 2013, Mr. Pardeep Kumar 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. Pardeep Kumar, including nature of his expertise, is annexed with this Notice. The Company has received a declaration of independence from Mr. Pardeep Kumar.

In the opinion of the Board, Mr. Pardeep Kumar 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. Pardeep Kumar, is concerned or interested (financially or otherwise) in this Resolution.

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

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

**Date: September 19, 2020
Place: New Delhi**

**Vikram Goyal
Whole Time Director**

ANNEXURE TO THE NOTICE

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

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

Particulars	Description
Name of Director	Mrs. Rati Goswami
DIN	08765348
Date of Birth	January 12, 1992
Age	28 years
Category of the Director	Director (Non-Executive Independent)
Educational Qualifications	MA
Experience	In the field of Education
Expertise in specific functional areas	He has good experience in, good communication skill, interpersonal skills and sound business knowledge etc.
Date of Appointment on the Board	June 20, 2020
Terms and conditions of appointment	For a term of five years
Number of shares held in the Company as on March 31, 2020	0
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	Nil
Relationship between Directors inter se	No relation

Particulars	Description
Name of Director	Mr. Munish Kumar Garg
DIN	08866982
Date of Birth	January 16, 1974
Age	46 years
Category of the Director	Director (Non-Executive Independent)
Educational Qualifications	B.A.
Experience	In the field of Banking Relations
Expertise in specific functional areas	He has good communication skill, interpersonal skills and sound business knowledge etc.
Date of Appointment on the Board	September 08, 2020
Terms and conditions of appointment	For a term of five years
Number of shares held in the Company as on March 31, 2020	0
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

Particulars	Description
Name of Director	Mr. Pradeep Kumar
DIN	08862414
Date of Birth	May 25, 1982
Age	38 years
Category of the Director	Director (Non-Executive Independent)
Educational Qualifications	B.Com.
Experience	In the field of Banking Relations
Expertise in specific functional areas	He has good communication skill, interpersonal skills and sound business knowledge etc.
Date of Appointment on the Board	September 08, 2020
Terms and conditions of appointment	For a term of five years
Number of shares held in the Company as on March 31, 2020	0
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

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
Number of shares held in the Company as on March 31, 2020	-
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

BOARDS' REPORT

Dear Members

Your Directors present the **Thirty Fifth Annual Report** of your Company together with the **Audited Financial Statements** of the Company for the Financial Year ended **March 31, 2020**.

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, 2020 (In Lakh)	March 31, 2019 (In Lakh)
Total Income	1310.75	421.03
Total Expenditure	1,045.31	326.85
Profit/(Loss) before tax	265.43	94.17
Profit/(Loss) after tax	191.60	69.71
Paid-up Share Capital	1473.85	1473.85
Reserves and Surplus	989.36	816.94

3. Operating Highlights

During the year under review, revenue from operation of the Company is Rs. 1310.75 Lakh as compared to Rs. 421.03 Lakh in the previous year. The Company earned a profit of Rs. 191.60 Lakh net of taxes as compared to Rs. 69.71 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 2020-20 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, 2020.

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. 38.32 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.sonalmercantile.in.

❖ Inductions

There is No Induction of directors during the year.

❖ Retirement /Re-appointment

In terms of Section 152 of the Companies Act, 2013, *Mr. Rajan Goyal (DIN: 02600825)* who retires by rotation at the ensuing AGM, being eligible offered himself for reappointment. His Brief Resume is mentioned in the annexure attached to the Notice.

❖ Resignation

During the year, Ms. Tanisha Bhagat resigned w.e.f 16.03.2020.

❖ 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
3.	Mrs. Rachna Bhasin	Company Secretary	June 06, 2019 to January 04, 2019

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 Thirty Four AGM till the conclusion of the Thirty Seven (37th) AGM, subject to ratification by Members every year to conduct the Statutory Audit of the company.

❖ 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 2019-20. 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	2019-20 (Rs.)	2018-19 (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 2019-20, 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, 2020 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: September 19, 2020
Place: New Delhi

Vikram Goyal
Whole Time Director
DIN: [00381115](#)

Rajan Goyal
Director
DIN: [02600825](#)

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020**

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

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

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

Based on my verification of the **Sonal Mercantile Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 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, 2020 according to the provisions of:

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

- Regulations, 2009 (**Not applicable to the company during the audit period**);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the company during the audit period);
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) Reserve Bank of India Act, 1934

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

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

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

I further report that

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

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

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

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

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

- (i) There have been reclassification of Person/ Entities forming part of the Promoter Group from 'Promoter and Promoter Group' Category to 'Public' Category.
- (ii) Change in directors and Key Managerial persons are as follows:
 - (a) Mr. Deepak was appointed as Additional Independent Director w.e.f. 26-03-2019 while Ms. Tanisha Bhagat resigned from the position of Non-executive Independent Woman Director w.e.f. 16-03-2020.
 - (b) Mrs. Rachna Bhasin was appointed as Whole time Company Secretary 10-08-2019 and resigned from the aforesaid office w.e.f. 04-01-2020.

Place: New Delhi
Date: 07th July, 2020
UDIN: A035299B000423467

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

07-07-2020

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

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

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

**Place: New Delhi
Date: 07th July, 2020
UDIN: A035299B000423467**

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

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON 31/03/2020
[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]
I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	RUDRAVEERYA DEVELOPERS LIMITED 375, TF Block-B, Plot No. 7, Vardhman Grand Plaza, Mangalam Place, Near M2K, Sector-3, Rohini, New Delhi	U70109DL2016PLC304243	Associate	50	2(6)

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 beginning of the Year 31/03/2019				Shares Held at the End of the Year 31/03/2020				% Change During The Year
S.No	Category of Shareholders	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters									
1	Indian									
a)	Individual HUF	0	0	0	0.00	0	0	0	0.00	0.00
b)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c)	State Government	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bodies Corporate	3527401	0	3527401	23.93	3672396	0	3672396	24.92	0.99
e)	Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A)(1)	3527401	0	3527401	23.93	3672396	0	3672396	24.92	0.99
2	Foreign									
a)	NRI Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d)	Banks /FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoters(A)	3527401	0	3527401	23.93	3672396	0	3672396	24.92	0.99
B	Public Shareholding									
1	Institutions									
a)	Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b)	Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Government	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)	FII's	0	0	0	0.00	0	0	0	0.00	0.00
h)	Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
i)	Any Other Foreign	0	0	0	0.00	0	0	0	0.00	0.00
j)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
2	Non-Institutions									
a)	Bodies Corporate									
1)	Indian	6408706	274645	6683351	45.35	7526393	0	7526393	51.07	5.72
2)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	Individuals									
1)	Individual shares holders having nominal share capital upto Rs. 1,00,000	275514	164034	439548	2.98	250387	113334	363721	2.47	-0.51
2)	Individual shares holders having nominal share capital Excess of Rs. 1,00,000	1294935	1814746	3109681	21.10	2630792	202054	2832846	19.22	-1.88
c)	Others									
a)	HUF	642768	0	642768	4.36	342769	0	342769	2.33	-2.03
b)	Non Resident Indian	0	0	0	0.00	0	0	0	0.00	0.00
c)	Foreign National	0	0	0	0.00	0	0	0	0.00	0.00
d)	Clearing Members	335776	0	335776	2.28	400	0	400	0.00	-2.28
e)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
f)	Foreing Bodies-DR	0	0	0	0.00	0	0	0	0.00	0.00
g)	NBFC Registered With RBI	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B)(2)	8957699	2253425	11211124	76.07	10750741	315388	11066129	75.08	-0.99

	Total Public Shareholding (B)	8957699	2253425	11211124	76.07	10750741	315388	11066129	75.08	-0.99
C)	Shares Held By Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
D)	IEPF	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total	1248510	2253425	14738525	100.00	14423137	315388	14738525	100.00	0.00

(ii) Shareholding of Promoters:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01-04-2020) (as on 01/04/2016)			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.	Vikram Goyal	0	0	0	0	0	0	0
2.	Rajan Goyal	0	0	0	0	0	0	0
3.	M/s Ram Gopal Goyal & Sons LLP	3672396	24.92	0	3527401	23.93	0	+0.99
	Total	3672396	24.92	0	3527401	23.93	0	+0.99

(iii) Change in Promoters' Shareholding:

Sr. no	Name	Shareholding at the beginning of the year (as on 01-04-2019)		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Ram Gopal Goyal & Sons LLP	3527401	23.93	05-04-2019	144995	Purchase		
	Balance	3527401	23.93			Purchase	3672396	24.92

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

Sl.No.	Name & Type of Transaction	Shareholding as on 31/03/2019		Transactions during the year - 2019 - 19		Cumulative Shareholding as on 31/03/2020	
		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
	Purchase	3652960	24.79	27-03--20	100	3653060	24.79
	Balance					3653060	24.79
2	ORION INFRADEVELOPERS PRIVATE LIMITED	924731	6.27			0	0
	Purchase			05-04-19	65000	989731	6.72
	Purchase			24-05-19	185026	1174757	7.97
	Balance					1174757	6.27
3	ORION PROPMART PRIVATE LIMITED	904261	6.14			0	0
	Purchase			05-04-19	65000	969261	6.58
	Purchase			24-05-19	221000	1190261	8.08
	Purchase			21-06-19	11000	1201261	8.15
	Balance					1201261	
4	NABKRI DEVELOPERS PRIVATE LIMITED	765625	5.19			765625	5.19
	Balance					765625	5.19
5	SHRI PARASRAM HOLDINGS PVT.LTD.	335776	2.28				
	Sale			05-04-19	275000	60776	0.41
	Sale			24-05-19	40000	20776	0.14
	Purchase			31-05-19	500	21276	0.14
	Sale			07-06-19	500	20776	0.14
	Purchase			21-06-19	600	21376	0.15
	Sale			28-06-19	199	21177	0.14
	Sale			05-07-19	300	20877	0.14
	Purchase			12-07-19	24	20901	0.14
	Purchase			19-07-19	175	21076	0.14
	Sale			26-07-19	254	20822	0.14
	Sale			02-08-19	21	20801	0.14
	Purchase			09-08-19	10298	31099	0.21
	Purchase			16-08-19	150	31249	0.21
	Sale			23-08-19	100	31149	0.21
	Sale			30-08-19	12117	19032	0.13
	Sale			13-09-19	50	18982	0.13
	Sale			20-09-19	50	18932	0.13

	Purchase			27-09-19	57091	76023	0.52
	Sale			30-09-19	16023	60000	0.41
	Sale			15-11-19	59950	50	0.00
	Sale			29-11-19	46	4	0.00
	Purchase			27-12-19	12	16	0.00
	Purchase			31-12-19	85	101	0.00
	Sale			10-01-20	100	1	0.00
	Purchase			31-03-20	399	400	0.00
	Balance					400	0.00
6	GANGA DEVI BANSAL	300000	2.04			0	0
	Purchase			27-09-19	250000	50000	0.34
	Balance					50000	0.34
7	PROGYAN CONSTRUCTION & ENGINEERS PVT LTD	274645	1.86			0	0
	Sale			05-04-19	125000	149645	1.02
	Sale			27-06-19	24645	125000	0.85
	Sale			27-09-19	125000	0	0
	Balance					0	0
8	RADHA DEVI PODDAR	267500	1.81			0	0
	Purchase			06-06-19	267500	267500	1.81
	Balance					267500	1.81
9	TIA ENTERPRISE PRIVATE LIMITED	0	0			225000	1.53
	Purchase			27-09-19	158000	158000	1.07
	Balance					158000	1.07
10	GYANDEEP FINANCIAL ADVISORY PVT.LTD.	0	0				
	Purchase			20-09-19	150000	150000	1.02
	Sale			18-10-19	132500	17500	0.12
	Purchase			22-11-19	75000	92500	0.63
	Purchase			29-11-19	75000	167500	1.14
	Purchase			06-12-19	2500	170000	1.15
	Purchase			13-12-19	2500	172500	1.17
	Purchase			07-02-19	75000	247500	1.68
	Purchase			14-02-19	5000	252500	1.71
	Purchase			28-02-20	75000	327500	2.22
	Purchase			13-03-20	10000	337500	2.29
	Balance					337500	2.29

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

Sr. no	Name	Shareholding at the beginning of the year (as on 01-04-2019)		Date	Increase/Decrease in share-holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		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	01-04-2019	0	Nil movement during the year		
		0	0	31-03-2020			0	0
2	Rajan Goyal (Non-executive Non Independent Director)	0	0	01-04-2019	0	Nil movement during the year		
		0	0	31-03-2020			0	0
3	Tanisha Bhagat (Independent Director)	0	0	01-04-2019	0	Nil movement during the year		
		0	0	16-03-2020			0	0
4	Deepak (Independent Director)	0	0	01-04-2019	0	Nil movement during the year		
		0	0	31-03-2020			0	0
B. Key Managerial Personnel(KMP's):								
1	Rohit Saraogi (Chief Financial Officer)	0	0	0	0	0	0	0
2	Rachna Bhasin (Company Secretary)	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	-	4,09,788	6,00,000	10,09,788
	(b)Value of perquisites u/s 17(2)Income-tax Act,1961	-	-	-	-
	(c)Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as% of profit	-	-	-	-
	-others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	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: September 19, 2020
Place: New Delhi

Vikram Goyal
Whole Time Director
DIN: [00381115](#)

Rajan Goyal
Director
DIN: [02600825](#)

Statement of Particulars of Employees pursuant to the Provisions of Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

- 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.

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

S. No.	Name	Designation	% Increase
1	Ms. Rachna Bhasin	Company Secretary	0
2	Mr. Rohit Saraogi	Chief Financial Officer	0

- 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.

- Number of Permanent Employees on the rolls of Company: Five (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 2018-19 and 2019-20 the average percentile increase is 0.00%. The average percentile increase for managerial personnel is 0.00%.

- Affirmation that the remuneration is as per the remuneration policy of the Company**

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

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

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

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

Date: September 19, 2020
Place: New Delhi

Vikram Goyal
Whole Time Director
DIN: [00381115](#)

Rajan Goyal
Director
DIN: [02600825](#)

FORM NO. AOC -2

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

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

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

(Rs in '000')

(Rs in '000)						
S. No.	Transaction with	Nature of transaction	Transactions during the year		Balance as at	
			31/03/2020	31/03/2019	31/03/2020	31/03/2019
(i)	<u>Associate Company:</u> -					
	Rudraveerya Developers Ltd	Loan Received	5,25,000.00	5,00,000.00	9,73,800.00	5,00,000.00
		Loan repaid	51,200.00	Nil	Nil	Nil
		Interest Paid	80,452.99	12,326.29	83,501.35	11,093.66
(ii)	<u>Key Management Personnel:</u> -					
	Rohit Saraogi	Remuneration	570.00	600.00	20.00	49.08
(iii)	<u>Relatives of Key Management Personnel:</u> - None					
(iv)	<u>Enterprises owned or significantly influenced by Key Management Personnel or their Relatives:</u> - None					

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

**Date: September 19, 2020
Place: New Delhi**

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

**Rajan Goyal
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: September 19, 2020
Place: New Delhi**

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

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

CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred as “SEBI Listing Regulations”], a Report on Corporate Governance for the Financial Year 2019-20 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, 2020 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, 2020, their attendance at the Board Meetings held during the financial year 2019-2020 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, 2020, 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	09	09	No	Nil	Nil	Nil
Mr. Rajan Goyal (Director) (DIN: 02600825)	Non Executive – Non Independent	09	09	No	Nil	Nil	Nil
Ms. Tanisha Bhagat (Woman Director) (DIN: 08286425)	Non Executive – Independent	09	09	No	Nil	Nil	Nil
Mr. Deepak (Director) (DIN: 07878217)	Non Executive – Independent	09	09	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) Ms. Tanisha Bhagat resigned from the position of Independent Director w.e.f. 16-03-2020

b) Number of Board Meetings

The Board of Directors met Nine **times** during the Financial Year 2019-2020. 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. 2019-2020):**

S. No.	Date of Board Meetings	Total Strength of the Board	No. of Directors Present
1	17-04-2019	4	4
2	30-05-2019	4	4
3	12-06-2019	4	4
4	10-08-2019	4	4
5	14-08-2019	4	4
6	14-11-2019	4	4
7	04-01-2020	4	4
8	13-02-2020	4	4
9	16-03-2020	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 2019-2020.**

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, 2020* 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 2019-20, 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**

The Audit Committee comprises of three members viz. Mr. Deepak (Chairman), Ms. Tanisha Bhagat, (Resigned w.e.f 16-03-2020) (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. Rachna Bhasin, Company Secretary is the Secretary to this Committee till January 04, 2020.

❖ **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 2019-20

During the year, total four Audit Committee meetings were held respectively on May 30, 2019, August 10, 2019, November 14, 2019 and February 13, 2020. The attendance of the members of the committee mentioned as follows:

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

b) Nomination and Remuneration Committee:

❖ Composition of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of three members viz. Ms. Tanisha Bhagat (Resigned w.e.f 16-03-2020) (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 2019-2020**

During the year, total five meetings were held respectively on June 05, 2019, August 06, 2019, November 14, 2019 and February 13, 2020. The attendance of the members of the committee mentioned are as follows:

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

❖ **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.

The Stakeholders Relationship Committee comprises of three non executive Directors as its members viz. Mr. Deepak (Chairman), Ms. Tanisha Bhagat (Resigned w.e.f 16-03-2020) (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 2019-20

During the year, total four meetings were held respectively on May 25, 2019, September 12, 2019, November 14, 2019 and February 13, 2020. The attendance of the members of the committee mentioned are as follows:

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

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

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

d) Risk Management Committee:

❖ Composition of Risk Management Committee:

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

As on March 31, 2020 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 2019-2020

During the year, total two meetings were held respectively on June 12, 2019, September 25, 2019, November 14, 2019 and February 13, 2020. The attendance of the members of the committee mentioned are as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Ms. Tanisha Bhagat	4	4
Mr. Rajan Goyal	4	4
Mr. Vikram Goyal	4	4

4. General Body Meetings

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

Year	Day, Date and Time	Venue of the Meetings	Whether Special Resolutions Passed
2019	Friday July 12, 2019 at 02:00 P.M.	372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085	Yes, special resolution has been passed in this Meeting
2018	Saturday, 29th September, 2018 at 09:00 a.m	372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085	Yes,, 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 not been passed in this Meeting

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

5. Means of Communication

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

❖ 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, October 16, 2020 at 02:00 P.M. through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM')
❖ Financial Calendar (2019-20) (Tentative)	: The Financial Year of the Company will be April 01, 2019 to March 31, 2020.
❖ Book Closure Dates	: October 09, 2020 to October 16, 2020 (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@skylinertta.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, 2020, 14423137 Equity Shares representing 97.86% of the Company were held in dematerialised form and 315388 Equity Shares representing 2.14% 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: 365, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085 Contact No. 011-49091417 E-mail Id: sonalmercantile@yahoo.in Website: www.sonalmercantile.in
❖ Market Price & Data	Stock Market price data for the F.Y. 2019-2020. 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, 2020 are as under.

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares	No. of Trades
10-Apr-19	8.43	8.43	8.43	8.43	8.43	200	2
20-May-19	8.43	8.43	8.01	8.01	8.025	140000	8
21-May-19	8.41	8.41	8.41	8.41	8.409995	142631	15
22-May-19	8.83	8.83	8.83	8.83	8.829998	144645	8
29-May-19	9.27	9.27	9.27	9.27	9.27	1000	2
30-May-19	9.73	9.73	9.73	9.73	9.73	4000	3
31-May-19	10.21	10.21	10.21	10.21	10.21	11000	1
03-Jun-19	10.72	10.72	10.72	10.72	10.72	5500	3
17-Jun-19	11.25	11.25	11.25	11.25	11.25	1000	2
18-Jun-19	11.81	11.81	11.81	11.81	11.81	1000	3

19-Jun-19	12.4	12.4	12.4	12.4	12.3998	1003	2
20-Jun-19	13.02	13.02	12.05	12.13	13.01511	9864	24
21-Jun-19	12.73	12.73	11.53	11.53	11.53403	191	6
24-Jun-19	10.96	12.1	10.96	12.1	11.06364	1100	10
25-Jun-19	12.7	12.7	12.7	12.7	12.7	300	2
26-Jun-19	13.33	13.33	12.07	13.33	12.71036	1091	17
27-Jun-19	13.99	13.99	13.99	13.99	13.99	400	6
28-Jun-19	14.68	14.68	14.68	14.68	14.67968	999	4
01-Jul-19	15.41	15.41	15.41	15.41	15.4	50	5
02-Jul-19	16.18	16.18	16.18	16.18	16.17778	225	17
03-Jul-19	16.95	16.95	16.95	16.95	16.94909	550	7
04-Jul-19	17.79	17.79	17.79	17.79	17.75	20	3
05-Jul-19	18.67	18.67	18.67	18.67	18.66842	380	2
08-Jul-19	19.6	19.6	19.55	19.6	19.5977	1479	10
09-Jul-19	20.58	20.58	18.62	20.5	19.18519	270	9
10-Jul-19	21.5	21.52	19.5	21.52	21.40945	254	8
11-Jul-19	22.59	22.59	20.45	21.23	21.30514	875	5
12-Jul-19	20.17	22.28	20.17	22.22	20.3351	4539	10
15-Jul-19	21.78	21.78	21.78	21.78	21.78	50	7
16-Jul-19	21.35	21.35	21.35	21.35	21.32143	28	6
17-Jul-19	20.93	20.93	20.93	20.93	20.93	200	1
18-Jul-19	20.52	20.52	20.52	20.52	20.51628	215	3
19-Jul-19	20.11	20.11	20.11	20.11	20.10345	29	9
22-Jul-19	19.71	19.71	19.71	19.71	19.70952	2007	6
23-Jul-19	19.32	20.1	19.32	20.1	19.32527	2066	6
24-Jul-19	20.4	20.4	20.4	20.4	20.4	100	1
25-Jul-19	20.8	20.8	20.7	20.8	20.78444	1285	6
26-Jul-19	21.21	21.21	21.21	21.21	21.208	125	2
29-Jul-19	21.63	21.63	21.63	21.63	21.6	25	1
31-Jul-19	21.8	21.9	21.8	21.9	21.8999	979	3
05-Aug-19	22.3	22.3	22.3	22.3	22.3	700	3
07-Aug-19	22.3	22.7	22	22.7	22.00713	10102	8
08-Aug-19	22.65	23.15	22.65	23	22.98894	1990	10
09-Aug-19	23.4	23.4	23.4	23.4	23.4	2500	5
13-Aug-19	23.85	23.85	23.85	23.85	23.85	1200	4
14-Aug-19	23.85	24.3	23.85	24.25	24.27158	475	4
16-Aug-19	24.3	24.7	24.3	24.7	24.33394	551	5
19-Aug-19	25.15	25.15	25	25.15	25.00938	1600	5
20-Aug-19	25.65	25.65	25.65	25.65	25.64	50	4
21-Aug-19	25.65	25.65	25.15	25.15	25.1598	2015	8
22-Aug-19	24.65	25.15	24.65	25.15	24.774	500	3
23-Aug-19	24.65	25.65	24.65	24.65	24.65549	9036	6
26-Aug-19	24.2	24.2	24.2	24.2	24.19931	873	3
27-Aug-19	23.75	23.75	23.75	23.75	23.74	50	1

28-Aug-19	23.3	23.3	23.3	23.3	23.25	4	1
29-Aug-19	22.85	22.85	22.85	22.85	22.8	10	1
30-Aug-19	22.4	22.4	22.4	22.4	22	1	1
04-Sep-19	22.4	22.4	22.35	22.4	22.28571	7	5
05-Sep-19	22.8	22.8	22.8	22.8	22.8	50	1
12-Sep-19	23.25	23.25	23.25	23.25	23.25	44	1
13-Sep-19	23.7	23.7	23.7	23.7	23.7	50	2
17-Sep-19	23.7	23.7	23.7	23.7	23.6	5	1
18-Sep-19	24	24	24	24	24	486	3
23-Sep-19	23.55	23.55	23.55	23.55	23.54999	85159	32
24-Sep-19	23.1	23.15	23.1	23.15	23.14995	90091	13
25-Sep-19	22.7	22.75	22.7	22.75	22.74908	81499	18
26-Sep-19	22.35	22.35	22.35	22.35	22.35	194841	26
07-Oct-19	22.75	22.75	22.35	22.35	22.35676	185	4
15-Oct-19	23.45	23.45	23.45	23.45	23.42857	7	6
22-Oct-19	24.6	24.6	24.6	24.6	24	1	1
29-Oct-19	25.8	25.8	25.8	25.8	25.79775	178	6
31-Oct-19	27.05	27.05	27.05	27.05	27.04	25	2
01-Nov-19	28.4	28.4	28.4	28.4	28.4	10	1
04-Nov-19	29.8	29.8	29.8	29.8	29.8	120	2
05-Nov-19	31.25	31.25	31.25	31.25	31.24889	225	4
06-Nov-19	32.8	32.8	32.8	32.8	32.8	35	2
07-Nov-19	34.4	34.4	34.4	34.4	34.39568	139	4
08-Nov-19	36.1	36.1	36.1	36.1	36.1	190	4
11-Nov-19	37.9	37.9	37.9	37.9	37.9	1100	8
13-Nov-19	37.9	39.75	37.9	39.75	39.63131	396	11
14-Nov-19	40	41.7	40	40	40.67273	770	12
15-Nov-19	42	42	42	42	42	40	2
18-Nov-19	44.1	44.1	44.1	44.1	44.08	25	1
19-Nov-19	46.3	46.3	46.3	46.3	46.29744	195	6
20-Nov-19	47.2	47.2	47.2	47.2	47.2	115	4
21-Nov-19	48.1	48.1	48.1	48.1	48.1	40	2
22-Nov-19	49.05	49.05	49.05	49.05	49.04968	2536	10
25-Nov-19	50	50	48.1	48.1	48.11519	21105	32
26-Nov-19	47.8	47.8	47.15	47.15	47.2381	147	7
27-Nov-19	46.25	46.25	46.25	46.25	46.25	44	5
28-Nov-19	45.35	45.35	45.35	45.35	45.33333	54	2
29-Nov-19	44.45	44.45	44.45	44.45	44.44828	29	3
02-Dec-19	43.6	43.6	43.6	43.6	43.5	4	1
03-Dec-19	43.6	43.6	42.75	42.75	43.54762	42	3
05-Dec-19	41.9	41.9	41.9	41.9	41.875	8	2
06-Dec-19	41.1	41.1	41.1	41.1	41	1	1
09-Dec-19	40.3	40.3	40.3	40.3	40	3	1
10-Dec-19	39.5	39.5	39.5	39.5	39.5	6	2

11-Dec-19	39.5	39.5	38.75	38.75	39.06838	117	4
12-Dec-19	38	38	38	38	38	1	1
13-Dec-19	37.25	37.25	37.25	37.25	37	1	1
16-Dec-19	36.55	36.55	36.55	36.55	36.54545	11	2
17-Dec-19	36.55	36.55	35.85	35.85	36.37037	81	4
18-Dec-19	35.15	35.15	35.15	35.15	35	5	2
19-Dec-19	34.45	34.45	34.45	34.45	34.33333	6	2
23-Dec-19	35.1	35.1	33.8	35.1	33.90796	402	23
24-Dec-19	35.1	35.8	34.4	34.4	34.62776	317	7
26-Dec-19	34.4	34.4	33.75	33.75	34.31034	116	2
27-Dec-19	33.75	33.75	33.1	33.1	33.54667	150	5
30-Dec-19	32.5	32.5	32.45	32.45	32.4434	106	6
31-Dec-19	32.45	32.45	31.85	31.9	32.22785	79	4
01-Jan-20	31.5	31.5	31.3	31.3	31.28571	14	2
02-Jan-20	30.75	30.75	30.7	30.7	30.63636	11	2
03-Jan-20	30.1	30.7	30.1	30.7	30.18776	245	4
06-Jan-20	30.2	30.2	30.1	30.1	30.18033	122	3
07-Jan-20	30	30	29.5	29.5	29.5	22	3
08-Jan-20	29.5	29.5	29	29	29.43103	58	2
09-Jan-20	29	29	28.45	28.45	28.43478	23	4
10-Jan-20	28.45	28.45	27.9	27.9	27.91667	12	2
13-Jan-20	27.8	27.8	27.35	27.35	27.64667	150	3
14-Jan-20	27.35	27.85	26.85	27	27.24105	419	5
15-Jan-20	27.5	27.5	27.5	27.5	27.5	20	2
16-Jan-20	27	27	27	27	27	1	1
17-Jan-20	26.5	26.5	26.5	26.5	26.49123	57	1
20-Jan-20	26	26	26	26	26	1	1
21-Jan-20	25.5	25.5	25.5	25.5	25.49903	515	2
22-Jan-20	26	26	25	25	25.03661	519	5
23-Jan-20	25	25	25	25	25	1	1
24-Jan-20	25	25	25	25	25	9	2
27-Jan-20	25	25	24.5	24.5	24.998	501	4
28-Jan-20	24.5	24.5	24.05	24.05	24.42857	7	2
29-Jan-20	23.6	23.6	23.6	23.6	23.6	60	1
31-Jan-20	23.6	23.6	23.6	23.6	23.5	2	1
03-Feb-20	23.6	23.6	23.6	23.6	23.59829	117	3
07-Feb-20	22.45	22.45	22.45	22.45	22.45	200	1
10-Feb-20	22.45	22.45	21.35	22.4	22.08861	316	5
11-Feb-20	22.4	22.4	22.4	22.4	22.4	100	1
12-Feb-20	22.4	22.4	22.4	22.4	22.4	1200	1
14-Feb-20	22.4	22.4	22.4	22.4	22.4	100	2
18-Feb-20	22.4	23.5	22.4	23.5	22.40244	246	2
25-Feb-20	23.5	23.5	23	23	23.04545	220	3
27-Feb-20	23	23	23	23	23	201	1

28-Feb-20	23	23	23	23	23	300	1
02-Mar-20	23	23	23	23	23	20	1
17-Mar-20	21.85	21.85	21.85	21.85	21	1	1
18-Mar-20	20.8	20.8	20.8	20.8	20	1	1
23-Mar-20	19.8	19.8	19.8	19.8	19.8	500	2
24-Mar-20	18.85	18.85	18.85	18.85	18	1	1
25-Mar-20	17.95	17.95	17.95	17.95	17.95	100	1
30-Mar-20	17.15	17.15	17.15	17.15	17.15	400	1

❖ **Distribution of Shareholding as on March 31, 2020**

Share or Debenture holding Nominal Value	Number of Shareholders	% to Total Numbers	Share or Debenture holding Amount	% to Total Amount
(Rs.)			(Rs.)	
1	2	3	4	5
Up To 5,000	312	69.96	238340	0.16
5001 To 10,000	14	3.14	129110	0.09
10001 To 20,000	5	1.12	86810	0.06
20001 To 30,000	10	2.24	255000	0.17
30001 To 40,000	1	0.22	40000	0.03
40001 To 50,000	30	6.73	1460740	0.99
50001 To 1,00,000	26	5.83	1908910	1.3
1,00,000 and Above	48	10.76	143266340	97.21
Total	446	100	147385250	100

❖ **Shareholding Pattern as on March 31, 2020**

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

7. Other Disclosures

- ❖ 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.sonalmercantile.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
Sonal Mercantile Limited**

**Date: September 19, 2020
Place: New Delhi**

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

**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, 2020.

For Sonal Mercantile Limited

Date: September 19, 2020

Place: New Delhi

Vikram Goyal
Whole Time Director
(DIN: [00381115](#))

(Annexure-B to Corporate Governance Report)

COMPLIANCE CERTIFICATE

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

CEO AND CFO CERTIFICATION TO THE BOARD

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, 2020** and that to the best of their knowledge and belief:
 - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the quarter and year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee
 - 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For Sonal Mercantile Limited

Date: September 19, 2020
Place: New Delhi

Rohit Saraogi
Chief Financial Officer

Vikram Goyal
Whole Time Director

(Annexure-C to Corporate Governance Report)

**PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE
GOVERNANCE**

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

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

1. I have reviewed the implementation of the Corporate Governance procedures by **Sonal Mercantile Limited** (the Company) during the year ended March 31 2020, 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, 2019 to March 31, 2020, 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.
6. 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: 19-09-2020
UDIN: A035299B000735891

Nitin Gupta
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
 365, Vardhman Plaza, III Floor,
 Sector-3, Rohini, New Delhi-110085

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 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: 10th July, 2020
UDIN: A035299B000437756

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

**AUDITED STANDALONE
FINANCIAL STATEMENT
FOR
THE FINANCIAL YEAR
2019-2020
OF
SONAL MERCANTILE LIMITED**

V.N. PUROHIT & CO.

Chartered Accountants

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 2020, the statement of profit and loss, statement of changes in equity 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.

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 principles generally accepted in India of the state of affairs of the Company as at 31st March, 2020, and the **net profit**(including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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.	<u>Loans and advances:</u> - In current year, Indian Accounting Standards under Division III of Schedule	Our audit procedure inter- alia includes the following: - 1. We evaluated the control

V.N. PUROHIT & CO.

Chartered Accountants

	<p>III of the Companies Act, 2013 have become applicable upon the Company with transition effect from 1st April 2018.</p> <p>Due to this, all the loans whether given or obtained, are to be disclosed at Amortised Cost using Effective Interest Method prescribed under Ind AS 109 on 'Financial Instruments'.</p> <p>We focused on the conditions of disbursement and appropriateness of sanctioning process of the loan granted by the Company.</p>	<p>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> <p>3. We tested all material entries recorded in connection with the loan advance and interest thereon to determine whether the accounting was appropriate.</p>
2.	<p><u>Compliance of RBI directions and circulars:</u></p> <p>The recent RBI regulations increased the responsibility of auditors of NBFCs.</p> <p>As Company is an NBFC, it is responsibility of Company to duly follow the directions and circulars.</p> <p>We focused on the requisite compliance and disclosure as per the requirements in the norms.</p>	<p>Our audit procedure inter- alia includes 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 Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and the 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

V.N. PUROHIT & CO.

Chartered Accountants

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind 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 standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone 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 standalone 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

V.N. PUROHIT & CO.

Chartered Accountants

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 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.
- (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.

V.N. PUROHIT & CO.

Chartered Accountants

Other Matters

We draw your attention to Note 29 of the standalone financial statement which explains the uncertainties and management's assessment of the financial impact due to the lockdown/ restrictions related to COVID-19 pandemic imposed by the Government for which definitive assessment of the impact is dependent upon the future economic conditions. Our opinion is not modified in respect of this matter.

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, Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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

V.N. PUROHIT & CO.

Chartered Accountants

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 (Refer to note no. 25 of the 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

UDIN: - 20014238AAAAEF6995

New Delhi, the 31st day of July, 2020

V.N. PUROHIT & CO.

Chartered Accountants

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 2020.

- (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 company the title deeds of immovable properties are held in the name of the company;
- (ii) As per information and explanation given to us, the Company did not hold inventory at any time during the period under audit and therefore the provisions of this sub-clause are not applicable to the Company;
- (iii) According to information and explanation given to us, the Company has not granted unsecured loans 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 explanation given to us, there are no outstanding statutory dues on the part of the 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;

V.N. PUROHIT & CO.

Chartered Accountants

- (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 under audit, hence the provisions of sub-clause 3 of the order, are 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

UDIN: - 20014238AAAAEF6995

New Delhi, the 31st day of July, 2020

V.N. PUROHIT & CO.

Chartered Accountants

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 2020 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.

V.N. PUROHIT & CO.

Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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

UDIN: - 20014238AAAAEF6995

New Delhi, the 31st day of July, 2020

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Notes	As at 31st March 2020 (Rs. In '000')	As at 31st March 2019 (Rs. In '000')	As at 1st April 2018 (Rs. In '000')
ASSETS				
Financial assets				
Cash and cash equivalents	3	1,316.92	56,922.19	959.18
Loans	4	1,602,650.31	835,358.29	220,044.44
Investments	5	38,659.70	250.00	250.00
Other financial assets	6	25.00	24.00	24.00
Non-financial assets				
Current tax assets (net)		8,333.42	3,532.18	2,261.28
Deferred tax assets (net)	7	194.42	207.30	218.19
Property, plant & equipment	8	5.84	305.15	449.80
Other non financial assets	9	18,081.38	7,591.92	40.95
Total Assets		1,669,266.99	904,191.03	224,247.84
LIABILITIES AND EQUITY				
Financial liabilities				
Borrowings (other than debt securities)	10	1,341,750.24	670,930.17	-
Other financial liabilities	11	68,086.51	548.26	47.25
Non-financial liabilities				
Provisions	12	4,006.63	2,088.40	550.12
Other non financial liabilities	13	9,102.05	1,544.64	4.00
EQUITY				
Equity share capital	14	147,385.25	147,385.25	147,385.25
Other equity	15	98,936.31	81,694.31	76,261.22
Total Liabilities and Equity		1,669,266.99	904,191.03	224,247.84

Notes to the Standalone financial statements 1-32

The accompanying notes form 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**O. P. Pareek**

Partner

Membership No. 014238

UDIN: 20014238AAAAEF6995

Vikram Goyal

Director

DIN: 00381115

Rajan Goyal

Director

DIN: 02600825

New Delhi, the 31st day of July, 2020

Rohit Saraogi

CFO

PAN: BVCPS4684L

Kush Mishra

Company Secretary

PAN : BYLPM0554M

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2020

Particulars	Notes	For the year ended on 31st March 2020 (Rs. In '000')	For the year ended on 31st March 2019 (Rs. In '000')
REVENUE			
Revenue from operations	16	130,844.44	41,316.46
Other income	17	230.72	787.09
Total Revenue (I)		131,075.16	42,103.55
EXPENSES			
Finance costs	18	93,448.01	22,312.59
Employee benefit expenses	19	8,776.68	7,152.05
Depreciation	8	30.42	144.65
Other expenses	20	2,276.61	3,076.33
Total (II)		104,531.72	32,685.62
Profit before tax (I-II)		26,543.44	9,417.93
Tax Expense			
Current tax		(7,370.33)	(2,435.65)
Deferred tax		(12.87)	(10.89)
Profit/ (loss) after tax (III)		19,160.24	6,971.39
Total Other Comprehensive Income (IV)		-	-
Total Comprehensive Income (III+IV)		19,160.24	6,971.39
Earning per equity share (EPS)			
[nominal value of share Rs. 10]			
Basic (Amount in Rs.)		1.30	0.47
Diluted (Amount in Rs.)		1.30	0.47

Notes to the Standalone financial statements

1-32

The accompanying notes form 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

O. P. Pareek
Partner
Membership No. 014238
UDIN: 20014238AAAAEF6995

Vikram Goyal
Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

New Delhi, the 31st day of July, 2020

Rohit Saraogi
CFO
PAN: BVCPS4684L

Kush Mishra
Company Secretary
PAN : BYLPM0554M

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2020

Particulars	For the year ended on 31st March 2020 (Rs. In '000')	For the year ended on 31st March 2019 (Rs. In '000')
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net profit/ (loss) before tax and after extra- ordinary items	26,543.43	9,417.92
<u>Adjustments for items: -</u>		
Depreciation	30.42	144.65
Interest on fixed deposits	(157.53)	(718.67)
Finance Cost	93,448.01	22,312.59
Loss on sale of Property, plant & equipment	49.17	-
Operating Profit before working capital changes	119,913.50	31,156.49
<u>Working capital adjustments: -</u>		
(Increase)/ decrease in loans	(767,292.01)	(615,313.85)
(Increase)/ decrease in other financial assets	(1.00)	-
(Increase)/ decrease in other non financial assets	(10,489.46)	(7,550.97)
Increase/ (decrease) in other financial liabilities	67,538.24	501.02
Increase/ (decrease) in other non-financial liabilities	7,557.40	1,540.64
Cash generated from operations	(582,773.33)	(589,666.67)
Direct Taxes Paid	(12,171.57)	(3,706.56)
Net cash flow from operating activities (A)	(594,944.90)	(593,373.23)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of property, plant & equipment	(5.29)	-
Sale of property, plant & equipment	225.00	-
Sale/ (Purchase) of investments	(38,409.70)	-
Interest received	157.53	718.67
Net cash flow from investing activities (B)	(38,032.46)	718.67
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Net proceeds from borrowings	670,820.07	670,930.17
Finance cost	(93,448.01)	(22,312.59)
Net cash flow from financing activities (C)	577,372.06	648,617.58
Net cash flow during the year (A + B + C)	(55,605.27)	55,963.02
Add: Opening cash and cash equivalents	56,922.19	959.18
Closing cash and cash equivalents	1,316.92	56,922.20
Components of cash and cash equivalents		
Cash on hand	130.33	172.24
Balance with banks in current account	1,186.59	56,749.96
Total cash and cash equivalents (Note 3)	1,316.92	56,922.20

The accompanying notes form 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

O. P. Pareek
Partner
Membership No. 014238
UDIN: 20014238AAAAEF6995

Vikram Goyal
Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

New Delhi, the 31st day of July, 2020

Rohit Saraogi
CFO
PAN: BVCP54684L

Kush Mishra
Company Secretary
PAN : BYLPM0554M

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31ST MARCH 2020**A. Equity share capital: -**

(Rs. In '000')

Balance as at 1st April 2018	Changes in equity share capital during the year	Balance as at 31st March 2019
147,385.25	-	147,385.25
Balance as at 1st April 2019	Changes in equity share capital during the year	Balance as at 31st March 2020
147,385.25	-	147,385.25

B. Other equity: -

(Rs. In '000')

Particulars	Reserve & Surplus			Total
	Special Reserve (u/s 45IC of the RBI Act, 1934)	Retained Earnings	Share premium	
Balance as at 1st April 2018	883.40	2,848.07	72,529.75	76,261.22
Profit for the year	-	6,971.38	-	6,971.38
Contingent provision for standard assets	-	(1,538.29)	-	(1,538.29)
Appropriation to statutory reserves	1,394.28	(1,394.28)	-	-
Other comprehensive income	-	-	-	-
Total Comprehensive Income	1,394.28	4,038.81	-	5,433.09
Balance as at 31st March 2019	2,277.68	6,886.88	72,529.75	81,694.31
Balance as at 1st April 2019	2,277.68	6,886.88	72,529.75	81,694.31
Profit for the year	-	19,160.23	-	19,160.23
Contingent provision for standard assets	-	(1,918.23)	-	(1,918.23)
Appropriation to statutory reserves	3,832.05	(3,832.05)	-	-
Total other comprehensive income	-	-	-	-
Total Comprehensive Income	3,832	13,409.96	-	17,242.00
Balance as at 31st March 2020	6,109.73	20,296.84	72,529.75	98,936.31

Notes to the standalone financial statements

1-32

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

O. P. Pareek
Partner
Membership No. 014238
UDIN: 20014238AAAAEF6995

Vikram Goyal
Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

New Delhi, the 31st day of July, 2020

Rohit Saraogi
CFO
PAN: BVCPS4684L

Kush Mishra
Company Secretary
PAN : BYLPM0554M

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS

1. Corporate Information:

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

2. Significant Accounting Policies:

(a) Statement of Compliance:

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are Company's first standalone financial statements prepared in accordance with Ind AS and Ind AS 101 'First time adoption of Indian Accounting Standards' has been applied. An explanation and effect of transition from Indian GAAP (Referred to as "Previous GAAP") to Ind AS has been described in note 2(c) to these standalone financial statements.

(b) Basis for preparation of standalone financial statements:

The standalone financial statements have been prepared under the historical cost basis which is generally based on the fair value of consideration given in exchange for goods and services.

(c) First-Time Adoption of Ind AS:

The Company has prepared its first Indian Accounting Standards (Ind AS) compliant standalone financial statements for the periods commencing from April 1, 2019 with restated comparative figures for the year ended March 31, 2019 in compliance with the Ind AS. The Company has prepared these standalone financial statements in accordance with Ind AS notified under Section 133 of the Companies Act, 2013. Accordingly, the Balance Sheet in line with Ind AS transitional provisions has been prepared as at April 1, 2018 i.e. the date of Company's transition to Ind AS.

Ind AS 101 also allows to first time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. Accordingly, the company has availed the following exemptions/mandatory exceptions as per Ind AS 101:

(i) Fair Value as Deemed Cost Exemption: -

The company has elected to measure items of property, plant & equipment and intangible assets at its carrying value at the transition date.

(ii) Investments in subsidiaries, joint ventures and associates: -

The company has elected to measure investment in subsidiaries, joint venture and associate at cost.

(iii) Classification & Fair value measurement of financial assets or financial liabilities at initial recognition: -

The financial assets and financial liabilities have been classified on the basis of facts existing as at the date of transition to Ind AS. In addition, the exemption permits prospective application of requirements of Ind AS 109 to transactions entered into on or after date of transition.

In accordance with Ind AS 101 'First-time adoption of Indian Accounting Standards', the Company has presented below reconciliations of net profit in accordance with 'previous GAAP' for the year ended March 31, 2019 and shareholders' funds as per 'previous GAAP' to equity under Ind- AS as at March 31, 2019 and April 1, 2018.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS

Reconciliations between previous GAAP and Ind AS

(i) Reconciliation of other equity: -

(Rs. In '000')

Particulars	As at March 31, 2019	As at April 1, 2018
Balance as per previous GAAP	81,694.31	76,261.22
<u>Adjustments:</u>	Nil	Nil
Balances as per Ind AS	81,694.31	76,261.22

(ii) Reconciliation of total comprehensive income: -

(Rs. In '000')

Particulars	Year ended on March 31, 2019
Net profit as per Previous GAAP	6,971.38
<u>Adjustments:</u>	Nil
Net Profit as per Ind AS	6,971.38
Other Comprehensive Income as per Ind AS	Nil
Total Comprehensive Income as per Ind AS	6,971.38

(d) **Use of Estimates:**

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

(e) **Critical accounting estimates:**

(i) Income Taxes:

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

(ii) Impairment of Investments:

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

(iii) Provisions:

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

(f) **Property, plant and equipment:**

Properties, Plant & equipment are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction/installation stage. The Company has chosen the cost model for recognition and this model is applied to all class of assets. After recognition as an asset, an item of PPE is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Depreciable amount

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS

of an asset is the cost of an asset less its estimated residual value. Depreciation on Property, Plant and Equipment, including assets taken on lease, other than freehold land is charged based on Written down method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013. The useful life of asset taken into consideration as per Schedule II for the purpose of calculating depreciation is as follows: -

Particulars of Property, Plant & Equipment	Useful life (in years)
Furniture & fixtures	10
Vehicles	8
Office equipment	5
Computers	3

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

(g) Revenue recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company & revenue is reliably measured.

- (i) Interest Income: The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.
- (ii) Dividend: Dividend income from investments is recognised when the shareholders' right to receive payment has been established which is generally when the shareholders approve the dividend.
- (iii) Other revenue from operations: The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(h) Financial Instruments:

(i) Financial Assets: -

Recognition and initial measurement: -

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction cost. Processing fees earned on disbursement of loan assets have been recognized in revenue over the tenure of loan in proportion to the closing principal outstanding at the end of each year.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS

Subsequent measurement: -

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

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

De-recognition of Financial Assets: -

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

(ii) Financial Liabilities: -

Recognition and initial measurement: -

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. Financial liabilities are classified at amortised cost. Processing fees paid on borrowed loans have been amortised over the tenure of loan in proportion to the closing principal outstanding at the end of each year.

Subsequent measurement: -

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

De-recognition of Financial liabilities: -

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

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

(iii) Offsetting of Financial Instrument: -

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

(iv) Impairment of Financial Assets: -

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

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS

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

(i) Cash & Cash equivalents:

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

(j) Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with Income Tax Act, 1961. Current and deferred tax is recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively. Advance taxes and provisions for current income taxes are presented in the statement of financial position after offsetting advance tax paid and income tax provision.

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amounts. Deferred income tax is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred tax asset/liability is measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled. Deferred tax assets include Minimum Alternative Tax (MAT) paid which is considered as an asset if there is probable evidence that the Company will pay normal income tax after the tax holiday period.

(k) Employee Benefits:

Liabilities for employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. As of now, the company does not have any long-term employee benefits for which any provision required in the books of account.

(l) Earnings Per Share:

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

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS

shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

(m) Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Contingent Assets and Contingent Liabilities are not recognized in the standalone financial statements.

Company's policy is to carry adequate amounts towards Provision for Standard Assets, Non-Performing Assets (NPAs) and other contingencies. All loans and other credit exposures where the installments are overdue for ninety days and more are classified as NPAs in accordance with the prudential norms prescribed by the Reserve Bank of India (RBI). The provisioning policy of Company covers the minimum provisioning required as per the RBI guidelines.

Provisions are established on a collective basis against loan assets to absorb credit losses on the aggregate exposures in each of the loan portfolios. A higher non-performing asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgment. This estimate includes consideration of economic and business conditions. The amount of the allowance for credit losses is the amount that is required to establish a balance in the Provision for Non-Performing Assets Account that management consider adequate, after consideration of the prescribed minimum requirement under the RBI Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3. Cash and cash equivalents	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
Cash on hand (as certified)	130.33	172.24	860.59
Balances with banks	1,186.59	56,749.96	98.59
	1,316.92	56,922.20	959.18
4. Loans	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
<u>In India</u>			
Loans repayable on demand (unsecured)	631.05	26,013.84	116,676.05
Term loans (at amortised cost) (unsecured)	1,602,019.25	809,344.45	103,368.39
	1,602,650.30	835,358.29	220,044.44
5. Investments	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
<u>Equity Instruments- In India</u>			
Associate (at Cost)	250.00	250.00	250.00
<u>Investment Property (at Cost)</u>			
<u>In Agricultural land: -</u>			
Opening Balance	-	-	-
Add: Additions during the year	38,409.70	-	-
Closing Balance	38,409.70	-	-
	38,659.70	250.00	250.00
6. Other financial assets	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rupees)	(Rupees)	(Rupees)
Security deposits	25.00	24.00	24.00
	25.00	24.00	24.00
7. Deferred tax assets (net)	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
At start of the year	207.30	218.19	266.65
Credit/ (charge) to statement of profit and loss	(12.87)	(10.89)	(48.46)
Credit/ (charge) to other comprehensive income	-	-	-
At end of the year	194.43	207.30	218.19

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

Particulars	For the year ended on 31st March 2020 (Rs. In '000')			
	Opening balance	Recognised in statement of profit and loss	Recognised in OCI	Closing balance
Property, plant & equipment	207.30	(12.87)	-	194.42
Total	207.30	(12.87)	-	194.42

Particulars	For the year ended on 31st March 2019 (Rs. In '000')			
	Opening balance	Recognised in statement of profit and loss	Recognised in OCI	Closing balance
Property, plant & equipments	218.19	(10.89)	-	207.30
Total	218.19	(10.89)	-	207.30

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

8. Property, plant & equipment

			As at 31st March 2020 (Rs. In '000')	As at 31st March 2019 (Rs. In '000')	As at 1st April 2018 (Rs. In '000')
<u>Carrying amount:</u> -					
Office equipment			3.36	-	-
Furniture & fixtures			0.70	0.70	0.70
Motor Car			-	302.67	447.32
Computers			1.78	1.78	1.78
			<u>5.84</u>	<u>305.15</u>	<u>449.80</u>
	Office equipment (Rs. In '000')	Furniture & fixtures (Rs. In '000')	Motor Car (Rs. In '000')	Computers (Rs. In '000')	Total (Rs. In '000')
<u>Cost or Deemed Cost:</u> -					
Balance as at 1st April, 2018	-	14.00	3,157.94	35.60	3,207.54
Additions during the year	-	-	-	-	-
Balance as at 31st March, 2019	-	14.00	3,157.94	35.60	3,207.54
Additions during the year	5.29	-	-	-	5.29
Asset disposed/ written off during the year	-	-	(3,157.94)	-	(3,157.94)
Balance as at 31st March, 2020	<u>5.29</u>	<u>14.00</u>	<u>-</u>	<u>35.60</u>	<u>54.89</u>
<u>Accumulated depreciation:</u> -					
Balance as at 1st April, 2018	-	13.30	2,710.62	33.82	2,757.74
Charge for the year	-	-	144.65	-	144.65
Balance as at 31st March, 2019	-	13.30	2,855.27	33.82	2,902.39
Charge for the year	1.93	-	28.49	-	30.42
Adjusted on assets disposed/ written off	-	-	(2,883.76)	-	(2,883.76)
Balance as at 31st March, 2020	<u>1.93</u>	<u>13.30</u>	<u>-</u>	<u>33.82</u>	<u>49.05</u>
<u>Carrying amount:</u> -					
Balance as at 1st April, 2018	-	0.70	447.32	1.78	449.80
Balance as at 31st March, 2019	-	0.70	302.67	1.78	305.15
Balance as at 31st March, 2020	3.36	0.70	-	1.78	5.84

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

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

9. Other non-financial assets	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	(Rs. In'000')		(Rs. In'000')		(Rs. In'000')	
Advances for purchase of land	18,075.00		7,550.00		-	
Prepaid expenses	6.38		41.92		40.95	
	18,081.38		7,591.92		40.95	
10. Borrowings (other than debt securities)	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	(Rs. In'000')		(Rs. In'000')		(Rs. In'000')	
<u>Borrowings in India (unsecured)</u>						
Loans from related parties	1,099,526.35		511,093.66		-	
Loan from others	242,223.89		159,836.51		-	
	1,341,750.24		670,930.17		-	
11. Other financial liabilities	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	(Rs. In'000')		(Rs. In'000')		(Rs. In'000')	
Payable against expenses	626.51		548.26		47.25	
Advance against sale of investments	67,460.00		-		-	
	68,086.51		548.26		47.25	
12. Provisions	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	(Rs. In'000')		(Rs. In'000')		(Rs. In'000')	
<u>Contingent provision against standard assets:</u>						
Opening balance	2,088.40		550.11		526.87	
Add/(less): Addition/(written off) during the year	1,918.23		1,538.29		23.24	
Closing balance	4,006.63		2,088.40		550.11	
12.1 A contingent provision against standard assets has been created at 0.25% (0.25% till 31st March, 2019) (0.25% till 1st April, 2018) of the outstanding standard assets in terms of the RBI circular Ref. No. DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014.						
13. Other non financial liabilities	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	(Rs. In'000')		(Rs. In'000')		(Rs. In'000')	
Payable to government authorities	9,102.05		1,544.64		4.00	
	9,102.05		1,544.64		4.00	
14. Equity share capital	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	Nos.	(Rs. In'000')	Nos.	(Rs. In'000')	Nos.	(Rs. In'000')
Authorized shares						
Equity shares of Rs. 10 each with voting rights	15,000,000	150,000.00	15,000,000	150,000.00	15,000,000	150,000.00
Issued, subscribed and fully paid- up shares	14,738,525	147,385.25	14,738,525	147,385.25	14,738,525	147,385.25
14.1 Reconciliation of number of equity shares and amount outstanding						
	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	Nos.	(Rs. In'000')	Nos.	(Rs. In'000')	Nos.	(Rs. In'000')
<u>Equity Shares</u>						
- At the beginning of the period	14,738,525	147,385.25	14,738,525	147,385.25	14,738,525	147,385.25
- Issued during the year	-	-	-	-	-	-
Total outstanding at the end of the period	14,738,525	147,385.25	14,738,525	147,385.25	14,738,525	147,385.25

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS**14.2 Terms and rights attached to equity shares**

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

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

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

	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Rudraveerya Developers Limited	3,653,060	24.79%	3,652,960	24.79%	-	0.00%
Ram Gopal Goyal & Sons LLP	3,672,396	24.92%	3,527,401	23.93%	-	0.00%
Orion infradevelopers Private Limited	1,174,757	7.97%	924,731	6.27%	771,875	5.24%
Orion Propmart Private Limited	1,201,261	8.15%	904,261	6.14%	456,250	3.10%
Nabkri Developers Private Limited	765,625	5.19%	765,625	5.19%	765,625	5.19%
SRK Tradelinks Limited	-	0.00%	-	0.00%	2,366,960	16.06%

As per records, registers and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

15. Other equity

	As at 31st March 2020		As at 31st March 2019	
	(Rs. In '000')		(Rs. In '000')	
<u>Special Reserve (u/s 45IC of RBI Act, 1934)</u>				
Balance as per last financial statements	2,277.68		883.40	
Add: Transfer from surplus	3,832.05		1,394.28	
Closing balance		6,109.73		2,277.68
<u>Retained Earnings</u>				
Balance as per last financial statements	6,886.89		2,848.07	
Add/(Less): Profit/ (loss) for the year	19,160.23		6,971.38	
Less: Transfer to Special Reserve u/s 45-IC of RBI Act	(3,832.05)		(1,394.28)	
Add/(Less): Contingent provision for Standard Assets	(1,918.23)		(1,538.29)	
Net surplus in statement of profit and loss		20,296.84		6,886.88
<u>Share premium</u>				
Opening balance	72,529.75		72,529.75	
Addition/ (deletion) during the year	-		-	
Closing balance		72,529.75		72,529.75
<u>Equity instruments through other comprehensive income</u>				
Opening balance	-		-	
Transfer from Statement of Profit & Loss	-		-	
Closing balance		-		-
	98,936.31		81,694.31	

16. Revenue from operations

	For the year ended	For the year ended
	31st March 2020	31st March 2019
	(Rs. In '000')	(Rs. In '000')
Interest income	130,844.44	41,316.46
	130,844.44	41,316.46

17. Other income

	For the year ended	For the year ended
	31st March 2020	31st March 2019
	(Rs. In '000')	(Rs. In '000')
Interest on bank deposits	157.53	718.67
Interest on income tax refund	73.19	68.42
	230.72	787.09

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

18. Finance cost	For the year ended 31st March 2020 (Rs. In '000')	For the year ended 31st March 2019 (Rs. In '000')
<u>On financial liabilities measured at amortised cost:</u>		
- Interest on borrowings	93,448.01	22,312.59
	93,448.01	22,312.59
19. Employee benefit expenses	For the year ended 31st March 2020 (Rs. In '000')	For the year ended 31st March 2019 (Rs. In '000')
Salaries and allowances	8,754.97	7,028.79
Staff welfare expenses	21.72	123.26
	8,776.69	7,152.05
20. Other expenses	For the year ended 31st March 2020 (Rs. In '000')	For the year ended 31st March 2019 (Rs. In '000')
Advertisement & publication expenses	63.69	108.87
Annual custodial fee	106.20	100.90
Payment to statutory auditors (Note 22)	79.06	66.08
Bad debts written off	1,076.59	1,700.00
Bank charges	2.38	1.34
Books & periodicals	13.08	16.98
Business promotion	13.21	21.24
BSE listing fees	413.00	295.00
Car insurance	37.95	60.00
Commission Charges	6.00	-
Conveyance expenses	13.53	126.83
Electricity charges	4.65	-
Office maintenance	12.60	-
Interest not recovered	45.19	-
Late filing fees	2.36	-
Loss on sale of properrty, plany & equipment	49.17	-
Rent	118.71	116.63
Postage & courier	5.53	23.98
Printing and stationery	17.49	24.73
Professional charges	82.36	90.44
Membership fees	29.50	25.53
Miscellaneous expenses	4.08	46.02
RTA expenses	40.20	43.86
Telephone & mobile expenses	8.97	8.91
Website Expenses	7.21	-
Tours & travelling expenses	-	106.64
Vehicle running & maintenance	23.89	92.36
	2,276.60	3,076.34

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS

21. Related parties: -

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

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

(i)	Associate Company	Rudraveerya Developers Limited
(ii)	Key Management Personnel	Vikram Goyal (Director) Rajan Goyal (Director) Rohit Saraogi (CFO)
(iii)	Relatives of Key Management Personnel	None
(iv)	Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives	None

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

(Rs. In '000')

S. No.	Transaction with	Nature of transaction	Transactions during the year		Balance as at	
			31/03/2020	31/03/2019	31/03/2020	31/03/2019
(i)	<u>Associate Company:</u> -					
	Rudraveerya Developers Ltd	Loan Received	5,25,000.00	5,00,000.00	9,73,800.00	5,00,000.00
		Loan repaid	51,200.00	Nil	Nil	Nil
		Interest Paid	80,452.99	12,326.29	83,501.35	11,093.66
(ii)	<u>Key Management Personnel:</u> -					
	Rohit Saraogi	Remuneration	570.00	600.00	20.00	49.08
(iii)	<u>Relatives of Key Management Personnel:</u> - None					
(iv)	<u>Enterprises owned or significantly influenced by Key Management Personnel or their Relatives:</u> - None					

22. Breakup of payments made to statutory auditors (including taxes) is disclosed as under: -

(Rs. In '000')

Particulars	31/03/2020	31/03/2019
In respect of statutory audit (including tax audit)	60.18	47.20
In respect of certification	18.88	18.88
Total	79.06	66.08

23. Balance shown under head trade receivables, trade payables, loans and advances are subject to confirmation.

(Rs. In '000')

24. Particulars	31/03/2020	31/03/2019
Foreign currency earnings, expenditures and outgo	Nil	Nil

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE STANDALONE FINANCIAL STATEMENTS

25. Particulars	31/03/2020	(Rs. In '000')
		31/03/2019
Contingent liabilities not provided for	Nil	Nil
Pending litigations by/ against the Company	None	None
26. The standalone financial statements were approved for issue by the Board of Directors on 31 st day of July, 2020.		
27. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.		
28. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.		
29. The outbreak of COVID-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in economic activities and also the business operations of the Company in terms of sales and production. The management has considered the possible effects that may result from the pandemic on the recoverability / carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial statements.		
30. Previous year's figures have been re- arranged or re- grouped wherever considered necessary.		
31. Figures have been rounded off to the nearest thousands of rupees.		
32. Figures in brackets indicate negative (-) figures.		

Signed for the purpose of Identification

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm reg. No.: 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

UDIN: -20014238AAAAEF6995

New Delhi, the 31st day of July, 2020

Rohit Saraogi

CFO

PAN: BVCP54684L

Kush Mishra

Company Secretary

PAN: BVLPM0554M

**AUDITED CONSOLIDATED
FINANCIAL STATEMENT
FOR
THE FINANCIAL YEAR
2019-2020
OF
SONAL MERCANTILE LIMITED**

V.N. PUROHIT & CO.

Chartered Accountants

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** ("hereinafter referred to as the "Company") and its associate, which comprise the consolidated balance sheet as at 31st March 2020, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company as at 31st March, 2020, and the consolidated **net profit** (including other comprehensive income), consolidated changes in equity and its 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 Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its associate in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

S.No.	Key audit matters	Auditor's response
1.	<u>Loans and advances:</u> - In current year, Indian Accounting Standards under Division III of Schedule	Our audit procedure inter- alia includes the following: - 1. We evaluated the control

V.N. PUROHIT & CO.

Chartered Accountants

	<p>III of the Companies Act, 2013 are become applicable upon the Company with transition effect from 1st April 2018.</p> <p>Due to this, all the loans whether given or obtained, are to be disclosed at Amortised Cost using Effective Interest Method prescribed under Ind AS 109 on 'Financial Instruments'.</p> <p>We focused on the conditions of disbursement and appropriateness of sanctioning process of the loan granted by the Company.</p>	<p>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> <p>3. We tested all material entries recorded in connection with the loan advance and interest thereon to determine whether the accounting was appropriate.</p>
2.	<p><u>Compliance of RBI directions and circulars:</u></p> <p>The recent RBI regulations increased the responsibility of auditors of NBFCs.</p> <p>As Company is an NBFC, it is responsibility of Company to duly follow the directions and circulars.</p> <p>We focused on the requisite compliance and disclosure as per the requirements in the norms.</p>	<p>Our audit procedure inter- alia includes 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 Consolidated 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 Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and the 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

V.N. PUROHIT & CO.

Chartered Accountants

obtained during the course of our audit or otherwise appears to be materially misstated.

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

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

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The Board of Directors of the Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associates respectively, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the company and its associate are responsible for assessing the ability of the Company and of its associate 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 its associate or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the company and its associate are responsible for overseeing the financial reporting process of the Company and its associate respectively.

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

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

- (i) 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

V.N. PUROHIT & CO.

Chartered Accountants

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (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 ability of the Company and its associate 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 or its associate to cease to continue as a going concern.
- (v) 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 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 of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

V.N. PUROHIT & CO.

Chartered Accountants

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

- (a) The consolidated financial statements include the Company's share of net assets of Rs. 1,59,64,49,433 as at 31st March 2020, net profit/loss of Rs. 4,51,51,529 and other comprehensive income of Rs. 2,04,54,289 for the year ended on 31st March, 2020, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. 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-section (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. Our opinion is not modified in respect of this matter.
- (b) We draw your attention to Note 31 of the consolidated financial statement which explains the uncertainties and management's assessment of the financial impact due to the lockdown/ restrictions related to COVID-19 pandemic imposed by the Government for which definitive assessment of the impact is dependent upon the future economic conditions. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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 the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- 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 relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under Section 133 of the Act;
- e. On the basis of the written representations received from the directors of the Company and its associate as on 31st March, 2020 taken on record by the Board of Directors of the Company and its associate, respectively, none of the directors of the Company and its associate is disqualified as on 31st March, 2020 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 A**. Our report expresses an unmodified opinion on

V.N. PUROHIT & CO.

Chartered Accountants

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 consolidated financial statements have disclosed the impact, if any of pending litigations on the consolidated financial position of the Company and its associate in its consolidated financial statements (Refer to note no. 27 of the consolidated financial statements).
 - ii. The Company and its associate 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 associate.

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

O.P. Pareek

Partner

Membership No. 014238

UDIN: - 20014238AAAAED7898

New Delhi, the 31st day of July, 2020

V.N. PUROHIT & CO.

Chartered Accountants

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

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

In conjunction with our audit of the consolidated financial statement of the Company as of and for the year ended on 31st March 2020, we have audited the internal financial controls over financial reporting of **SONAL MERCANTILE LIMITED** (hereinafter referred to as "the Company") and its associate as of and for the year ended on that date.

Management's Responsibility for the Internal Financial Controls

The respective Board of Directors of the Company and its associate are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India (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 Act.

Auditor's Responsibility

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

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

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

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

V.N. PUROHIT & CO.

Chartered Accountants

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 unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of information and according to explanation given to us and taking into consideration the reports of the other auditors referred to in the Other Matters paragraph below, the Company and its associate have maintained in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on "the internal financial controls over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid report under Section 143(3)(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, which is incorporated in India, is based on the written representations received from the management of the said associate Company.

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

O.P. Pareek

Partner

Membership No. 014238

UDIN: - 20014238AAAAED7898

New Delhi, the 31st day of July, 2020

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Notes	As at 31st March 2020 (Rs. In '000')	As at 31st March 2019 (Rs. In '000')	As at 1st April 2018 (Rs. In '000')
ASSETS				
Financial assets				
Cash and cash equivalents	3	1,316.92	56,922.19	959.18
Loans	4	1,602,650.31	835,358.29	220,044.44
Investments	5	1,635,109.14	1,531,093.62	1,480,228.21
Other financial assets	6	25.00	24.00	24.00
Non-financial assets				
Current tax assets (net)		8,333.42	3,532.18	2,261.27
Deferred tax assets (net)	7	194.42	207.30	218.19
Property, plant & equipment	8	5.84	305.15	449.80
Other non financial assets	9	18,081.38	7,591.92	40.95
Total Assets		3,265,716.43	2,435,034.65	1,704,226.04
LIABILITIES AND EQUITY				
Financial liabilities				
Borrowings (other than debt securities)	10	1,341,750.24	670,930.17	-
Other financial liabilities	11	68,086.51	548.27	47.25
Non-financial liabilities				
Provisions	12	4,006.63	2,088.40	550.12
Other non financial liabilities	13	9,102.05	1,544.64	4.00
EQUITY				
Equity share capital	14	147,385.25	147,385.25	147,385.25
Other equity	15	1,695,385.75	1,612,537.92	1,556,239.42
Total Liabilities and Equity		3,265,716.43	2,435,034.65	1,704,226.04

Notes to the consolidated financial statements 1-34

The accompanying notes form 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

For and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED**O. P. Pareek**

Partner

Membership No. 014238

UDIN: 20014238AAAAED7898

Vikram Goyal

Director

DIN: 00381115

Rajan Goyal

Director

DIN: 02600825

New Delhi, the 31st day of July, 2020

Rohit Saraogi

CFO

PAN: BVCPS4684L

Kush Mishra

Company Secretary

PAN : BYLPM0554M

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2020

Particulars	Notes	For the year ended on 31st March 2020 (Rs. In '000')	For the year ended on 31st March 2019 (Rs. In '000')
REVENUE			
Revenue from operations	16	130,844.44	41,316.46
Other income	17	230.72	787.09
Total Revenue (I)		131,075.16	42,103.55
EXPENSES			
Finance costs	18	93,448.01	22,312.59
Employee benefit expenses	19	8,776.68	7,152.05
Depreciation	8	30.42	144.65
Other expenses	20	2,276.61	3,076.33
Total (II)		104,531.72	32,685.62
Profit before tax (I-II)		26,543.44	9,417.93
Tax Expense			
Current tax		(7,370.33)	(2,435.65)
Deferred tax		(12.87)	(10.89)
Profit/ (loss) after tax (III)		19,160.24	6,971.39
Share of profit in associate (net) (IV)		45,151.53	39,468.60
Other Comprehensive Income			
Share of Other Comprehensive Income in Associates to the extent not reclassified to profit & loss		20,454.29	11,396.81
Total other Comprehensive Income (V)		20,454.29	11,396.81
Total Comprehensive Income (III+IV+V)		84,766.06	57,836.80
Earning per equity share (EPS)			
[nominal value of share Rs. 10]			
Basic (Amount in Rs.)		4.36	3.15
Diluted (Amount in Rs.)		4.36	3.15

Notes to the consolidated financial statements

1-34

The accompanying notes form 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

For and on behalf of the Board of Directors of
SONAL MERCANTILE LIMITED**O. P. Pareek**

Partner

Membership No. 014238

UDIN: 20014238AAAAED7898

Vikram Goyal

Director

DIN: 00381115

Rajan Goyal

Director

DIN: 02600825

New Delhi, the 31st day of July, 2020

Rohit Saraogi

CFO

PAN: BVCPS4684L

Kush Mishra

Company Secretary

PAN : BYLPM0554M

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2020

Particulars	For the year ended on 31st March 2020 (Rs. In '000')	For the year ended on 31st March 2019 (Rs. In '000')
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/ (loss) before tax and after extra- ordinary items	26,543.43	9,417.92
<u>Adjustments for items: -</u>		
Depreciation	30.42	144.65
Interest on fixed deposits	(157.53)	(718.67)
Finance Cost	93,448.01	22,312.59
Loss on sale of Property, plant & equipment	49.17	-
Operating Profit before working capital changes	119,913.50	31,156.49
<u>Working capital adjustments: -</u>		
(Increase)/ decrease in loans	(767,292.01)	(615,313.85)
(Increase)/ decrease in other financial assets	(1.00)	-
(Increase)/ decrease in other non financial assets	(10,489.46)	(7,550.97)
Increase/ (decrease) in other financial liabilities	67,538.24	501.02
Increase/ (decrease) in other non-financial liabilities	7,557.40	1,540.64
Cash generated from operations	(582,773.33)	(589,666.67)
Direct Taxes Paid	(12,171.57)	(3,706.56)
Net cash flow from operating activities (A)	(594,944.90)	(593,373.23)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(5.29)	-
Sale of property, plant & equipment	225.00	-
Sale/ (Purchase) of investments	(38,409.70)	-
Interest received	157.53	718.67
Net cash flow from investing activities (B)	(38,032.46)	718.67
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from borrowings	670,820.07	670,930.17
Finance cost	(93,448.01)	(22,312.59)
Net cash flow from financing activities (C)	577,372.06	648,617.58
Net cash flow during the year (A + B + C)	(55,605.27)	55,963.02
Add: Opening cash and cash equivalents	56,922.19	959.18
Closing cash and cash equivalents	1,316.92	56,922.20
Components of cash and cash equivalents		
Cash on hand	130.33	172.24
Balance with banks in current account	1,186.59	56,749.96
Total cash and cash equivalents (Note 3)	1,316.92	56,922.20

The accompanying notes form 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

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

O. P. Pareek
Partner
Membership No. 014238
UDIN: 20014238AAAAED7898

Vikram Goyal
Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

New Delhi, the 31st day of July, 2020

Rohit Saraogi
CFO
PAN: BVCP54684L

Kush Mishra
Company Secretary
PAN : BYLPM0554M

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31ST MARCH 2020**A. Equity share capital: -**

(Rs. In '000')

Balance as at 1st April 2018	Changes in equity share capital during the year	Balance as at 31st March 2019
147,385.25	-	147,385.25
Balance as at 1st April 2019	Changes in equity share capital during the year	Balance as at 31st March 2020
147,385.25	-	147,385.25

B. Other equity: -

(Rs. In '000')

Particulars	Reserve & Surplus			Other Comprehensive Income	Total
	Special Reserve (u/s 45IC of the RBI Act, 1934)	Retained Earnings	Share premium		
Balance as at 1st April 2018	883.40	1,482,826.27	72,529.75	-	1,556,239.42
Profit for the year	-	6,971.38	-	-	6,971.38
Share of profit in associate	-	39,468.60	-	-	39,468.60
Contingent provision for standard assets	-	(1,538.29)	-	-	(1,538.29)
Appropriation to statutory reserves	1,394.28	(1,394.28)	-	-	-
Other comprehensive income	-	-	-	11,396.81	11,396.81
Total Comprehensive Income	1,394.28	43,507.41	-	11,396.81	56,298.50
Balance as at 31st March 2019	2,277.68	1,526,333.68	72,529.75	11,396.81	1,612,537.92
Balance as at 1st April 2019	2,277.68	1,526,333.68	72,529.75	11,396.81	1,612,537.92
Profit for the year	-	19,160.23	-	-	19,160.23
Share of profit in associate	-	45,151.53	-	-	45,151.53
Contingent provision for standard assets	-	(1,918.23)	-	-	(1,918.23)
Appropriation to statutory reserves	3,832.05	(3,832.05)	-	-	-
Total other comprehensive income	-	-	-	20,454.29	20,454.29
Total Comprehensive Income	3,832.05	58,561.48	-	20,454.29	82,847.83
Balance as at 31st March 2020	6,109.73	1,584,895.16	72,529.75	31,851.10	1,695,385.75

Notes to the consolidated financial statements
As per our report of even date

1-34

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

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

O. P. Pareek
Partner
Membership No. 014238
UDIN: 20014238AAAAED7898

Vikram Goyal
Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

New Delhi, the 31st day of July, 2020

Rohit Saraogi
CFO
PAN: BVCP54684L

Kush Mishra
Company Secretary
PAN : BYLPM0554M

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information:

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

2. Significant Accounting Policies:

(a) Statement of Compliance:

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are Company's first consolidated financial statements prepared in accordance with Ind AS and Ind AS 101 'First time adoption of Indian Accounting Standards' has been applied. An explanation and effect of transition from Indian GAAP (Referred to as "Previous GAAP") to Ind AS has been described in note 2(c) to these consolidated financial statements.

(b) Basis for preparation of consolidated financial statements:

The consolidated financial statements have been prepared under the historical cost basis which is generally based on the fair value of consideration given in exchange for goods and services.

(c) Principles of Consolidation:

The consolidated financial statements comprise of the Sonal Mercantile Limited and its associates in accordance with the requirements of Ind AS 28 - Investment in Associates and Joint Ventures. The consolidated financial statements have been prepared on the following bases: -

- (i) The financial statements of the associate companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2020.
- (ii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- (iii) Investment in Associates and Joint Ventures has been accounted under the Equity Method as per Ind AS 28 - Investments in Associates and Joint Ventures.
- (iv) The Group accounts for its share of post-acquisition changes in net assets of associates and joint ventures, after eliminating unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures.

(d) First-Time Adoption of Ind AS:

The Company has prepared its first Indian Accounting Standards (Ind AS) compliant consolidated financial statements for the periods commencing from April 1, 2019 with restated comparative figures for the year ended March 31, 2019 in compliance with the Ind AS. The Company has prepared these consolidated financial statements in accordance with Ind AS notified under Section 133 of the Companies Act, 2013. Accordingly, the Balance Sheet in line with Ind AS transitional provisions has been prepared as at April 1, 2018 i.e. the date of Company's transition to Ind AS. Ind AS 101 also allows to first time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. Accordingly, the company has availed the following exemptions/mandatory exceptions as per Ind AS 101:

- (i) Fair Value as Deemed Cost Exemption: -
The company has elected to measure items of property, plant & equipment and intangible assets at its carrying value at the transition date.
- (ii) Investments in subsidiaries, joint ventures and associates: -
The company has elected to measure investment in subsidiaries, joint venture and associate at cost.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Classification & Fair value measurement of financial assets or financial liabilities at initial recognition: -

The financial assets and financial liabilities have been classified on the basis of facts existing as at the date of transition to Ind AS. In addition, the exemption permits prospective application of requirements of Ind AS 109 to transactions entered into on or after date of transition.

In accordance with Ind AS 101 'First-time adoption of Indian Accounting Standards', the Company has presented below reconciliations of net profit in accordance with 'previous GAAP' for the year ended March 31, 2019 and shareholders' funds as per 'previous GAAP' to equity under Ind- AS as at March 31, 2019 and April 1, 2018.

Reconciliations between previous GAAP and Ind AS

(i) Reconciliation of total equity: -

(Rs. In '000')

Particulars	Note	As at March 31, 2019	As at April 1, 2018
Balance as per previous GAAP		2,74,711.30	2,23,646.47
<u>Adjustments:</u>			
On account of consolidated Share in Net Assets/ Post-Acquisition profits of the Associate (under Ind AS 28)	2(d)(iii)	14,73,815.06	14,79,978.20
On account of Other Comprehensive Income of Associate		11,396.81	Nil
Balances as per Ind AS		17,59,923.17	17,03,624.67

(ii) Reconciliation of total comprehensive income: -

(Rs. In '000')

Particulars	Note	For the year ended on March 31, 2019
Net profit as per Previous GAAP		52,603.13
<u>Adjustments:</u>		
Adjustment on account of consolidated Share in Post-Acquisition profits of the Associate (under Ind AS 28)	2 (d) (iii)	(6,163.15)
Net Profit as per Ind AS		46,439.98
Other Comprehensive Income of Associate		11,396.81
Total Comprehensive Income as per Ind AS		57,836.79

(iii) The company has consolidated its financial statements first time in the year ended 31st March 2019 considering its investment in associate. In the years prior to that, such investment was held as a current investment with an intention for disposal in near term. Therefore, the same was not considered for consolidation during that time. Now with the implementation of Indian Accounting Standards (Ind AS) with effect from 1st April 2018 (transition date), the company has decided to restate the consolidation with effect from the transition date itself. Hence, the impact of post-acquisition share in the net asset/ post-acquisition profits of the associate is amounting to Rs. 1,47,99,78,205 as on 1st April 2018 in the total equity and (-) Rs. 61,63,146 in the profits during the year ended on 31st March 2019.

(e) Use of Estimates:

The preparation of consolidated financial statements requires the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of consolidated financial statements, disclosure of contingent liabilities as at the date of the consolidated financial statements, and the reported amounts of income and expenses during the

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

(f) Critical accounting estimates:

- (i) Income Taxes:
Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.
- (ii) Impairment of Investments:
The carrying value of investments is reviewed at cost annually, or more frequently whenever, there is indication for impairment. If the recoverable amount is less than the carrying amount, the impairment loss is accounted for.
- (iii) Provisions:
Provisions are recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

(g) Property, plant and equipment:

Properties, Plant & equipment are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction/installation stage. The Company has chosen the cost model for recognition and this model is applied to all class of assets. After recognition as an asset, an item of PPE is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Depreciable amount of an asset is the cost of an asset less its estimated residual value. Depreciation on Property, Plant and Equipment, including assets taken on lease, other than freehold land is charged based on Written down method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013. The useful life of asset taken into consideration as per Schedule II for the purpose of calculating depreciation is as follows: -

Particulars of Property, Plant & Equipment	Useful life (in years)
Furniture & fixtures	10
Vehicles	8
Office equipment	5
Computers	3

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment are determined as a difference between the sale proceeds and the carrying amount of the asset and is recognized in the profit and loss.

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

(h) Investment properties

The company having owned investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement which comprise purchase price, stamp duty, legal and registration fees and other transaction cost.

(i) Revenue recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company & revenue is reliably measured.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

- (i) Interest Income: The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.
- (ii) Dividend: Dividend income from investments is recognised when the shareholders' right to receive payment has been established which is generally when the shareholders approve the dividend.
- (iii) Other revenue from operations: The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 "Revenue from contracts with customers". The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(j) Financial Instruments:

(i) Financial Assets: -

Recognition and initial measurement: -

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction cost. Processing fees earned on disbursement of loan assets have been recognized in revenue over the tenure of loan in proportion to the closing principal outstanding at the end of each year.

Subsequent measurement: -

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

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

De-recognition of Financial Assets: -

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

(ii) Financial Liabilities: -

Recognition and initial measurement: -

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. Financial liabilities are classified at amortised cost. Processing fees paid on borrowed loans have been amortised over the tenure of loan in proportion to the closing principal outstanding at the end of each year.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Subsequent measurement: -

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

De-recognition of Financial liabilities: -

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

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

(iii) Offsetting of Financial Instrument: -

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

(iv) Impairment of Financial Assets: -

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

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

(k) Cash & Cash equivalents:

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

(l) Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with Income Tax Act, 1961. Current and deferred tax is recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively. Advance taxes and provisions for current income taxes are presented in the statement of financial position after offsetting advance tax paid and income tax provision.

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amounts.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred income tax is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred tax asset/liability is measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid which is considered as an asset if there is probable evidence that the Company will pay normal income tax after the tax holiday period.

(m) Employee Benefits:

Liabilities for employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The company does not have any long-term employee benefit for which any provision is required in the books of account.

(n) Earnings Per Share:

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

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

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

(o) Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Contingent Assets and Contingent Liabilities are not recognized in the consolidated financial statements. Company's policy is to carry adequate amounts towards Provision for Standard Assets, Non-Performing Assets (NPAs) and other contingencies. All loans and other credit exposures where the installments are overdue for ninety days and more are classified as NPAs in accordance with the prudential norms prescribed by the Reserve Bank of India (RBI). The provisioning policy of Company covers the minimum provisioning required as per the RBI guidelines.

Provisions are established on a collective basis against loan assets to absorb credit losses on the aggregate exposures in each of the loan portfolios. A higher non-performing asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgment. This estimate includes consideration of economic and business conditions. The amount of the allowance for credit losses is the amount that is required to establish a balance in the Provision for Non-Performing Assets Account that management consider adequate, after consideration of the prescribed minimum requirement under the RBI Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

3. Cash and cash equivalents	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
Cash on hand (as certified)	130.33	172.24	860.59
Balances with banks	1,186.59	56,749.96	98.59
	1,316.92	56,922.20	959.18
4. Loans	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
<u>In India</u>			
Loans repayable on demand (unsecured)	631.05	26,013.84	116,676.05
Term loans (at amortised cost) (unsecured)	1,602,019.25	809,344.45	103,368.39
	1,602,650.30	835,358.29	220,044.44
5. Investments	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
<u>Equity Instruments- In India</u>			
Associate (Note 5.1)	1,596,699.43	1,531,093.62	1,480,228.21
<u>Investment Property (at Cost)</u>			
In Agricultural land: -			
Opening Balance	-	-	-
Add: Additions during the year	38,409.70	-	-
Closing Balance	38,409.70	-	-
	1,635,109.13	1,531,093.62	1,480,228.21

5.1 Carrying amount of investment in associate in accordance with Ind AS 28 in consolidated financial statements" is arrived as follows:

	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
Initial cost of investments	229.40	229.40	229.40
Add: - Goodwill on consolidation	20.60	20.60	20.60
Add: - Share in post acquisition profits	1,596,449.43	1,530,843.62	1,479,978.21
	1,596,699.43	1,531,093.62	1,480,228.21
6. Other financial assets	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rupees)	(Rupees)	(Rupees)
Security deposits	25.00	24.00	24.00
	25.00	24.00	24.00
7. Deferred tax assets (net)	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
At start of the year	207.30	218.19	266.65
Credit/ (charge) to statement of profit and loss	(12.87)	(10.89)	(48.46)
Credit/ (charge) to other comprehensive income	-	-	-
At end of the year	194.43	207.30	218.19

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

Particulars	For the year ended on 31st March 2020 (Rs. In '000')			
	Opening balance	Recognised in statement of profit and loss	Recognised in OCI	Closing balance
Property, plant & equipment	207.30	(12.87)	-	194.42
Total	207.30	(12.87)	-	194.42

Particulars	For the year ended on 31st March 2019 (Rs. In '000')			
	Opening balance	Recognised in statement of profit and loss	Recognised in OCI	Closing balance
Property, plant & equipments	218.19	(10.89)	-	207.30
Total	218.19	(10.89)	-	207.30

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

8. Property, plant & equipment

			As at 31st March 2020 (Rs. In '000')	As at 31st March 2019 (Rs. In '000')	As at 1st April 2018 (Rs. In '000')
<u>Carrying amount:</u> -					
Office equipment			3.36	-	-
Furniture & fixtures			0.70	0.70	0.70
Motor Car			-	302.67	447.32
Computers			1.78	1.78	1.78
			<u>5.84</u>	<u>305.15</u>	<u>449.80</u>
	Office equipment (Rs. In '000')	Furniture & fixtures (Rs. In '000')	Motor Car (Rs. In '000')	Computers (Rs. In '000')	Total (Rs. In '000')
<u>Cost or Deemed Cost:</u> -					
Balance as at 1st April, 2018	-	14.00	3,157.94	35.60	3,207.54
Additions during the year	-	-	-	-	-
Balance as at 31st March, 2019	-	14.00	3,157.94	35.60	3,207.54
Additions during the year	5.29	-	-	-	5.29
Asset disposed/ written off during the year	-	-	(3,157.94)	-	(3,157.94)
Balance as at 31st March, 2020	<u>5.29</u>	<u>14.00</u>	<u>-</u>	<u>35.60</u>	<u>54.89</u>
<u>Accumulated depreciation:</u> -					
Balance as at 1st April, 2018	-	13.30	2,710.62	33.82	2,757.74
Charge for the year	-	-	144.64	-	144.64
Balance as at 31st March, 2019	-	13.30	2,855.26	33.82	2,902.38
Charge for the year	1.93	-	28.50	-	30.43
Adjusted on assets disposed/ written off	-	-	(2,883.76)	-	(2,883.76)
Balance as at 31st March, 2020	<u>1.93</u>	<u>13.30</u>	<u>-</u>	<u>33.82</u>	<u>49.05</u>
<u>Carrying amount:</u> -					
Balance as at 1st April, 2018	-	0.70	447.32	1.78	449.80
Balance as at 31st March, 2019	-	0.70	302.68	1.78	305.16
Balance as at 31st March, 2020	3.36	0.70	-	1.78	5.84

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

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

9. Other non-financial assets	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In'000')	(Rs. In'000')	(Rs. In'000')
Advances for purchase of land	18,075.00	7,550.00	-
Prepaid expenses	6.38	41.92	40.95
	18,081.38	7,591.92	40.95
10. Borrowings (other than debt securities)	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In'000')	(Rs. In'000')	(Rs. In'000')
<u>Borrowings in India (unsecured)</u>			
Loans from related parties	1,099,526.35	511,093.66	-
Loan from others	242,223.89	159,836.51	-
	1,341,750.24	670,930.17	-
11. Other financial liabilities	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In'000')	(Rs. In'000')	(Rs. In'000')
Payable against expenses	626.51	548.27	47.25
Advance against sale of investments	67,460.00	-	-
	68,086.51	548.27	47.25
12. Provisions	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In'000')	(Rs. In'000')	(Rs. In'000')
<u>Contingent provision against standard assets:</u>			
Opening balance	2,088.40	550.11	526.87
Add/(less): Addition/(written off) during the year	1,918.23	1,538.29	23.24
Closing balance	4,006.63	2,088.40	550.11
12.1 A contingent provision against standard assets has been created at 0.25% (0.25% till 31st March, 2019) (0.25% till 1st April, 2018) of the outstanding standard assets in terms of the RBI circular Ref. No. DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014.			
13. Other non financial liabilities	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	(Rs. In'000')	(Rs. In'000')	(Rs. In'000')
Payable to government authorities	9,102.05	1,544.64	4.00
	9,102.05	1,544.64	4.00
14. Equity share capital	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	Nos. (Rs. In'000')	Nos. (Rs. In'000')	Nos. (Rs. In'000')
Authorized shares			
Equity shares of Rs. 10 each with voting rights	15,000,000 150,000.00	15,000,000 150,000.00	15,000,000 150,000.00
Issued, subscribed and fully paid- up shares	14,738,525 147,385.25	14,738,525 147,385.25	14,738,525 147,385.25
14.1 Reconciliation of number of equity shares and amount outstanding			
	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	Nos. (Rs. In'000')	Nos. (Rs. In'000')	Nos. (Rs. In'000')
<u>Equity Shares</u>			
- At the beginning of the period	14,738,525 147,385.25	14,738,525 147,385.25	14,738,525 147,385.25
- Issued during the year	- -	- -	- -
Total outstanding at the end of the period	14,738,525 147,385.25	14,738,525 147,385.25	14,738,525 147,385.25

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**14.2 Terms and rights attached to equity shares**

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

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

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

	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Rudraveerya Developers Limited	3,653,060	24.79%	3,652,960	24.79%	-	0.00%
Ram Gopal Goyal & Sons LLP	3,672,396	24.92%	3,527,401	23.93%	-	0.00%
Orion infradevelopers Private Limited	1,174,757	7.97%	924,731	6.27%	771,875	5.24%
Orion Propmart Private Limited	1,201,261	8.15%	904,261	6.14%	456,250	3.10%
Nabkri Developers Private Limited	765,625	5.19%	765,625	5.19%	765,625	5.19%
SRK Tradelinks Limited	-	0.00%	-	0.00%	2,366,960	16.06%

As per records, registers and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

15. Other equity

	As at 31st March 2020 (Rs. In '000')		As at 31st March 2019 (Rs. In '000')	
<u>Special Reserve (u/s 45IC of RBI Act, 1934)</u>				
Balance as per last financial statements	2,277.68		883.40	
Add: Transfer from surplus	3,832.05		1,394.28	
Closing balance		6,109.73		2,277.68
<u>Retained Earnings</u>				
Balance as per last financial statements	1,526,333.69		1,482,826.27	
Add/(Less): Profit/ (loss) for the year	19,160.23		6,971.38	
Add/(Less): Share of profit in associate	45,151.53		39,468.60	
Less: Transfer to Special Reserve u/s 45-IC of RBI Act	(3,832.05)		(1,394.28)	
Add/(Less): Contingent provision for Standard Assets	(1,918.23)		(1,538.29)	
Net surplus in statement of profit and loss		1,584,895.17		1,526,333.68
<u>Share premium</u>				
Opening balance	72,529.75		72,529.75	
Addition/ (deletion) during the year	-		-	
Closing balance		72,529.75		72,529.75
<u>Equity instruments through other comprehensive income</u>				
Opening balance	11,396.81	-	-	
Transfer from Statement of Profit & Loss	20,454.29	-	11,396.81	
Closing balance		31,851.10		11,396.81
		<u>1,695,385.75</u>		<u>1,612,537.92</u>

16. Revenue from operations

	For the year ended 31st March 2020 (Rs. In '000')	For the year ended 31st March 2019 (Rs. In '000')
Interest income	130,844.44	41,316.46
	<u>130,844.44</u>	<u>41,316.46</u>

17. Other income

	For the year ended 31st March 2020 (Rs. In '000')	For the year ended 31st March 2019 (Rs. In '000')
Interest on bank deposits	157.53	718.67
Interest on income tax refund	73.19	68.42
	<u>230.72</u>	<u>787.09</u>

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

18. Finance cost	For the year ended 31st March 2020 (Rs. In '000')	For the year ended 31st March 2019 (Rs. In '000')
<u>On financial liabilities measured at amortised cost:</u>		
- Interest on borrowings	93,448.01	22,312.59
	93,448.01	22,312.59
19. Employee benefit expenses	For the year ended 31st March 2020 (Rs. In '000')	For the year ended 31st March 2019 (Rs. In '000')
Salaries and allowances	8,754.97	7,028.79
Staff welfare expenses	21.72	123.26
	8,776.69	7,152.05
20. Other expenses	For the year ended 31st March 2020 (Rs. In '000')	For the year ended 31st March 2019 (Rs. In '000')
Advertisement & publication expenses	63.69	108.87
Annual custodial fee	106.20	100.90
Payment to statutory auditors (Note - 22)	79.06	66.08
Bad debts written off	1,076.59	1,700.00
Bank charges	2.38	1.34
Books & periodicals	13.08	16.98
Business promotion	13.21	21.24
BSE listing fees	413.00	295.00
Car insurance	37.95	60.00
Commission Charges	6.00	-
Conveyance expenses	13.53	126.83
Electricity charges	4.65	-
Office maintenance	12.60	-
Interest not recovered	45.19	-
Late filing fees	2.36	-
Loss on sale of property, plant & equipment	49.17	-
Rent	118.71	116.63
Postage & courier	5.53	23.98
Printing and stationery	17.49	24.73
Professional charges	82.36	90.44
Membership fees	29.50	25.53
Miscellaneous expenses	4.08	46.02
RTA expenses	40.20	43.86
Telephone & mobile expenses	8.97	8.91
Website Expenses	7.21	-
Tours & travelling expenses	-	106.64
Vehicle running & maintenance	23.89	92.36
	2,276.60	3,076.34

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

21. Related parties: -

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

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

(i)	Associate Company	Rudraveerya Developers Limited
(ii)	Key Management Personnel	Vikram Goyal (Director) Rajan Goyal (Director) Rohit Saraogi (CFO)
(iii)	Relatives of Key Management Personnel	None
(iv)	Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives	None

(b) Following transactions are made with the related parties covered under Ind AS- 24 on “Related Parties Disclosure”: -

(Rs. In ‘000’)

S. No.	Transaction with	Nature of transaction	Transactions during the year		Balance as at	
			31/03/2020	31/03/2019	31/03/2020	31/03/2019
(i)	<u>Associate Company:</u> -					
	Rudraveerya Developers Ltd	Loan Received	5,25,000.00	5,00,000.00	9,73,800.00	5,00,000.00
		Loan repaid	51,200.00	Nil	Nil	Nil
		Interest Paid	80,452.99	12,326.29	83,501.35	11,093.66
(ii)	<u>Key Management Personnel:</u> -					
	Rohit Saraogi	Remuneration	570.00	600.00	20.00	49.08
(iii)	<u>Relatives of Key Management Personnel:</u> - None					
(iv)	<u>Enterprises owned or significantly influenced by Key Management Personnel or their Relatives:</u> - None					

22. Breakup of payments made to statutory auditors (including taxes) is disclosed as under: -

(Rs. In ‘000’)

Particulars	31/03/2020	31/03/2019
In respect of statutory audit (including tax audit)	60.18	47.20
In respect of certification	18.88	18.88
Total	79.06	66.08

23. The following Associate Company is considered in the Consolidated Financial Statements:-

S. No.	Name of Entity	Status	Country of Incorporation	% of Equity holding either directly or through Subsidiaries	
				31/03/2020	31/03/2019
(i)	Rudraveerya Developers Ltd	Associate	India	50.00%	50.00%

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

24. Additional information pursuant to the requirements of Schedule-III of the Companies Act, 2013 in Consolidated Financial Statements is as under:-

(Rs. In '000')

Name of the entity in the Group	Net Assets		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount (Rs. in '000')	As a % of consolidated profit or loss	Amount (Rs. in '000')	As a % of consolidated Other Comprehensive Income	Amount (Rs. in '000')	As a % of consolidated Total Comprehensive Income	Amount (Rs. in '000')
Company								
Sonal Mercantile Limited	13.34%	2,45,877.14	29.79%	19,160.23	0.00%	Nil	22.60	19,160.23
Associate								
Rudraveerya Developers Limited	86.67%	15,96,699.43	70.21%	45,151.53	100.00%	20,454.29	77.40	65,605.82
Total	100.00%	18,42,576.47	100.00%	64,311.76	100.00%	20,454.29	100.00%	84,766.05

25. Balance shown under head trade receivables, trade payable, loans and advances are subject to confirmation.

(Rs. In '000')

26. Particulars	31/03/2020	31/03/2019
Foreign currency earnings, expenditures and outgo	Nil	Nil

(Rs. In '000')

27. Particulars	31/03/2020	31/03/2019
Contingent liabilities not provided for	Nil	Nil
Pending litigations by/ against the Company	None	None

28. The consolidated financial statements were approved for issue by the Board of Directors on 31st day of July, 2020.

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

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

31. The outbreak of COVID-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in economic activities and also the business operations of the Company in terms of sales and production. The management has considered the possible effects that may result from the pandemic on the recoverability / carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial statements.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

32. Previous year's figures have been re- arranged or re- grouped wherever considered necessary.

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

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

Signed for the purpose of Identification

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm reg. No.: 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

UDIN: -20014238AAAAED7898

New Delhi, the 31st day of July, 2020

Rohit Saraogi

CFO

PAN: BVCPS4684L

Kush Mishra

Company Secretary

PAN: BVLPM0554M