

SONAL MERCANTILE LIMITED

ANNUAL REPORT
FOR THE FINANCIAL YEAR 2013-14
CIN NO: L51221DL1985PLC022433

REGD. OFFICE: - 105/33, VARDHMAN GOLDEN PLAZA, ROAD NO. 44, PITAMPURA, DELHI-110034
(WEBSITE: www.sonalmercantile.com, Email id: sonalmercantile.yahoo.in)



SONAL MERCANTILE LIMITED

REGD. OFFICE: 105/33, VARDHMAN GOLDEN PLAZA, ROAD NO. 44, PITAMPURA, DELHI-110034

CIN: L51221 DL1985PLC022433, web: www.sonalmercantile.com

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of the Company will be held on Friday, 08th August, 2014 at 02:00 p.m. at the Registered Office of the Company at 105/33, Vardhman Golden Plaza, Road No. 44, Pitampura, Delhi - 110034 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors' and Directors' thereon.
2. To Re-appoint the Statutory Auditors of the Company and to authorize the Board to fix their remuneration.
3. To appoint Director in place of Mr. Deep Chand Singhal (DIN: 00815681) who retires by rotation & being eligible offers himself for reappointment.
4. To appoint Director in place of Mr. Gopal Bansal (DIN: 01246420) who retires by rotation & being eligible offers himself for reappointment.

Special Business:

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

RESOLVED THAT Ms. Rukhsana, (DIN: 05151168) who was appointed as an Additional Director in the Capacity of Independent Director of the company to hold office till the date of Annual General Meeting, be and is hereby appointed as an ordinary Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

For and on Behalf of the Board
For Sonal Mercantile Limited

Date: 30th June, 2014
Place: Delhi

Sd/-
Deep Chand Singhal
Chairman

NOTES:

- A. APPOINTMENT OF PROXY:** A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.
- B. Corporate Members:** Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- C.** Members/ Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting.
- D. Queries at the AGM:** Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.
- E.** Members are requested to notify any change in their address/ mandate/ bank details immediately to the share transfer Agent of the Company- M/s Skyline Financial Services Pvt Ltd.,D-153A, Okhla Industrial Area, Phase-I, New Delhi- 110 020.
- F. Book Closure:** The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 01st August, 2014 to Friday, 08th August, 2014 (both days inclusive).
- G. Inspection of Documents:** Documents referred to in the Annual General Meeting Notice are open for inspection at the registered office of the Company at all working days except Saturdays between 11 A.M. and 2 P.M. up to the date of Annual General Meeting.
- H. Voting through electronic means**
- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):
- The instructions for e-voting are as under:
- (i) The Notice of the AGM of the Company *inter alia* indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form is being dispatched to all the Members.
 - (ii) NSDL shall also be sending the User-ID and Password, to those members whose shareholding is in the dematerialized format and whose email addresses are registered with the Company/Depository Participants(s). For members who have not registered their email address, can use the details as provided above.
 - (iii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iv) Click on Shareholder – [Login](#)
 - (v) Put user ID and password as initial password noted in step (i) above. Click Login.

- (vi) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vii) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - (viii) Select "EVEN" of Sonal Mercantile Limited
 - (ix) Now you are ready for e-Voting as Cast Vote page opens
 - (x) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (xi) Upon confirmation, the message "Vote cast successfully" will be displayed
 - (xii) Once you have voted on the resolution, you will not be allowed to modify your vote
 - (xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail csrachna@gmail.com with a copy marked to evoting@nsdl.co.in.
- II. 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 Downloads section of www.evoting.nsdl.com.
 - III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
 - IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - V. The e-voting period commences on 02nd August, 2014 (12:00 pm) and ends on 04th August, 2014 (12:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 04th July, 2014 may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - VI. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on, Friday, 04th July, 2014.
 - VII. Since the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 04th July, 2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
 - VIII. The Scrutinizer shall within a period of not exceeding three(3) working days from the conclusion of the e-Voting period unlock the votes in the presence of atleast two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - IX. The Results shall be declared on the date of AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website and on the website of NSDL within two(2) days of passing of the resolutions and communicated to the BSE Limited.
- I. **Scrutinizer:** The Company has appointed Ms. Rachna Bhasin, Practicing Company Secretary, as the Scrutinizer for the above said purpose.

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

ITEM NO. 5

Ms. Rukhsana was co-opted on the Board of Directors of the Company as an Additional Director in the capacity of Independent director of the Company to hold office until the date of ensuing annual general meeting. A notice proposing his candidate as an ordinary Director of the Company has been received. Accordingly, the same is placed before the members for consideration and appropriate decision. The Board recommends the proposed resolution for adoption in larger interest of company.

None of the Directors of the Company is concerned or interested in the proposed resolution except Ms. Rukhsana.

For and on Behalf of the Board
For Sonal Mercantile Limited

Date: 30th June, 2014
Place: Delhi

Sd/-
Deep Chand Singhal
Chairman

DIRECTORS' REPORT

Dear Members

Your Directors present the Annual Report of your Company together with the Audited Annual Accounts for the financial year ended 31st March, 2014.

Financial Highlights

Particulars	Financial Year ended (in rupees)	
	31 st March, 2014	31 st March, 2013
Total Income	44,511,712.78	68,473,965.35
Total Expenditure	44,202,966.31	68,211,399.88
Profit/ (Loss) before tax	308,746.47	262,565.47
Profit/ (Loss) after tax	198,534.47	194,571.47
Paid-up Share Capital	147,385,250	147,385,250
Reserves and Surplus	73,369,966.68	73,193,831.21

Year in Retrospect

During the year under review total Income of the Company was Rs. 44,511,712.78 as against Rs. 68,473,965.35 in the previous year. The Company incurred a profit of Rs. 198,534.47 after taxes. Your Directors are putting in their best efforts to improve the performance of the Company.

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

Save as mentioned else where in this Report, no material changes and commitments affecting the financial position of the Company has occurred between the end of the financial year of the Company- 31st March, 2014 till the date of this report.

Dividend

In view of marginal profits made by the Company, your Directors regret their inability to recommend any dividend.

Board of Directors

During the year under review, there has been an appointment of Ms. Rukhsana as the Additional Director in the capacity of Independent Director of the Company w.e.f. 20/05/2014 and the cessation of Mr. Anil Kumar Goyal from the Directorship of the Company w.e.f. 26/05/2014.

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.

Public Deposits

During the year under report, your Company has not accepted any deposits from the public in terms of the provisions of section 58A of the Companies Act, 1956.

Auditors

M/s V.N. Purohit & Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under section 224(1B) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them. Your Directors recommend their re-appointment.

Auditors' Report

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

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

- a. Conservation of Energy & Technology Absorption:** Since the Company is not engaged in any manufacturing activity, issues relating to conservation of energy and technology absorption are not quite relevant to its functioning.
- b. Export Activities:** There was no export activity in the Company during the year under review. The Company has no immediate plans for export in the near future as well.
- c. Foreign Exchange Earnings and Outgo:** There was no Foreign Exchange earnings and outgo during the year under review.

Particulars of Employees

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and hence no particulars are required to be disclosed in this Report.

Vigil Mechanism

The Board of Directors has established Vigil Mechanism for directors and employees.

Directors' Responsibility Statement

In terms of the provisions of section 217(2AA) of the Companies Act, 1956, and to the best of their knowledge and belief and according to the information and explanations obtained by them and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your Directors confirm that:

- a.** in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b.** 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 as at 31st March, 2014 and of the profit of the Company for the year ended on that date;

- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the Annual Accounts on a going concern basis;
- e. the directors had laid down internal financial controls to be followed by the company and that such internal controls are adequate and were operating effectively; and
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that systems were adequate and operating effectively.

Stock Exchange Listing

The Equity Shares of the Company are listed at the Delhi Stock Exchange. The Company has already paid listing fees for the financial year 2014-15 to the DSE.

Corporate Governance

Clause 49 of the Listing Agreement relating to the Corporate Governance is applicable to the Company. Corporate Governance report pursuant to Clause 49 of Listing Agreement is annexed herewith.

Audit Committee

Pursuant to Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956, The Audit Committee has been Reconstituted with three directors as its members namely Mr. Vikram Sharma, Ms. Rukhsana and Mr. Gopal Bansal.

Acknowledgement

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and assistance the Company has received from Banks and various Government Departments. The Board also places on record its appreciation of the devoted services of the employees; support and co-operation extended by the valued business associates of the Company.

For and on Behalf of the Board
For Sonal Mercantile Limited

Date: 30th June, 2014
Place: Delhi

Sd/-
Gopal Bansal
Director

Sd/-
Deep Chand Singhal
Director

Certificate on Compliance with Clause 49 of the Listing Agreement
(Corporate Governance Compliance Certificate)

To

The Members of Sonal Mercantile Limited

We have examined the compliance of conditions of Corporate Governance by Sonal Mercantile Limited for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the 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 opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no grievance is pending for a period exceeding one month with the Company.

We further state **that** such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: New Delhi
Date: 30th June, 2014

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

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors are focused on the meeting their prime objective of maximization of shareholders wealth. The Listing Agreement entered into by the Company with the Stock Exchanges contemplates compliance with the Code of Corporate Governance. The Company conducts its affairs with a blend of the following aspects in their required proportions:

- Prudence
- Transparency
- Accountability
- Impartial treatment for all shareholders
- Operating under the purview of the statute.
- Ethical Practices
- Shareholder's wealth maximization

As a part of the compliances of the revised Clause 49 of Listing Agreement, the Company presents hereunder the required disclosures in the form of a Report for information of all the stakeholders.

BOARD OF DIRECTORS

The Board of Directors comprises SIX members consisting of TWO Independent-Non executive directors.

Composition and Category of Directors:

Name	Designation	Category	No. of other Director-ships	Attendance at Board Meetings	Attendance at previous AGM
SUNIL KUMAR	Whole-Time Director	Executive	NIL	YES	YES
VIKRAM SHARMA	Director	Non-Executive	2	YES	YES
VISHNU MITTAL	Director	Non-Executive	1	YES	YES
DEEP CHAND SINGHAL	Director	Non-Executive	NIL	YES	YES
GOPAL BANSAL	Director	Non-Executive	2	YES	YES
RUKHSANA	Director	Non-Executive	1	YES	YES

Meetings of the Board of Directors

The Board of Directors met 24 times during the financial year.