

# **Sonal Mercantile Limited**



**Annual Report 2017-2018**

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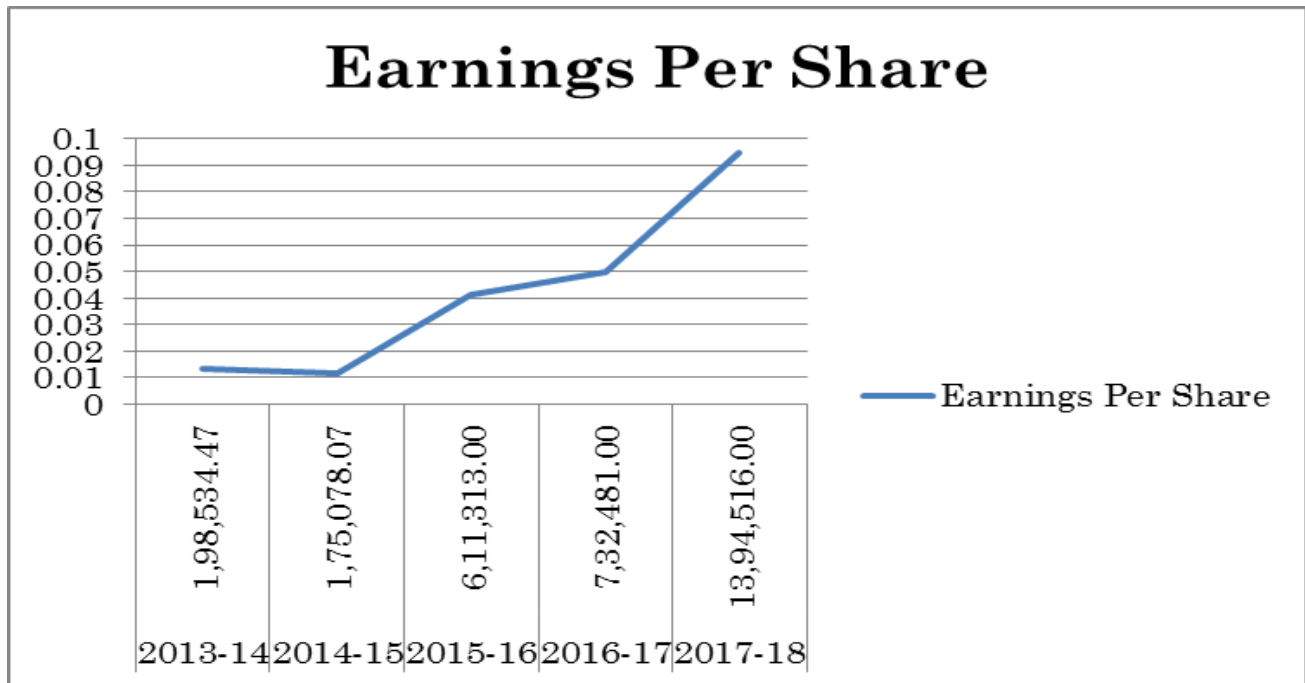
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## IMPORTANT COMMUNICATION TO MEMBERS

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

### Financial Highlights of Last Five Years

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



## **Chairman's Message**

### **Dear Members**

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

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

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

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



*Yours Sincerely  
Vikram Sharma  
(Chairman)*

## COMPANY'S INFORMATION

### BOARD OF DIRECTORS

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

### KEY MANAGERIAL PERSONNEL

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

### STATUTORY AUDITOR

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

### SECRETARIAL AUDITOR

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

### REGISTERED OFFICE

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

### REGISTRAR AND SHARE TRANSFER AGENT

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

### BANKERS OF THE COMPANY

Punjab National Bank & Union Bank of India

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

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



## BOARDS' REPORT

**Dear Members**

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

### **1. Background**

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

### **2. Financial Highlights**

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

### **3. Operating Highlights**

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

### **4. Company's Affairs**

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

### **5. Dividend**

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

### **6. Share Capital**

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

### **7. Fixed Deposits**

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



## **8. Listing Agreement**

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

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

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

## **10. Adequacy of Internal Financial Controls**

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use for disposition of its assets. All the transactions are probably authorized, recorded and reported to the Management. The Company is following all applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The Internal Auditor of the company checks and verifies internal control and monitors them in accordance with policy adopted by the Company. The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of business.

## **11. Transfer to Reserves**

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

## **12. Directors**

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

During the year, 11 (Eleven) Board Meetings were convened and held, details of which are provided in the Corporate Governance Report. The intervening gap between the Meetings was in compliance with the Companies Act, 2013.

### **❖ Policy on Directors' Appointment and Remuneration**

The policy of the Company on Directors' Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of Section 178 of the companies Act, 2013, adopted by the Board, is placed on the website of the Company i.e. [www.sonalmercantile.in](http://www.sonalmercantile.in). The web link of the policy is <http://www.sonalmercantile.in/investors-information.php>.

### **❖ Declaration by Independent Directors**

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



### ❖ Evaluation of the performance of the Board

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

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

### ❖ Familiarization Programme for Independent Directors

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

### ❖ Inductions

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

### ❖ Retirement /Re-appointment

In terms of Section 152 of the Companies Act, 2013, *Mr. Deep Chand Singhal (DIN:00815681)* who retires by rotation at the ensuing AGM, being eligible offered himself for reappointment. His Brief Resume is mentioned in the annexure attached to the Notice.

### ❖ Resignation

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

### ❖ Disclosure of Relationships Between Directors Inter-Se

Mr. Deep Chand Singhal and Mr. Sunil Kumar are directly related to each other. As they both are Brothers.

### ❖ Key Managerial Personnel

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

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

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

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

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

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

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

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

Your Company has already in place a well framed Code of Conduct for carrying its day to day business operations of the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the directors and the employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. The detailed Code of Conduct can be referred from the website of the Company and the web link is <http://www.sonalmercantile.in/investors-information.php>.

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

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

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

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

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

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