

Sonal Mercantile Limited



Annual Report 2019-2020

Contents

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

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: vnpdelhi@vnppaudit.com Website: www.vnppaudit.com

SECRETARIAL AUDITOR

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

REGISTERED OFFICE

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:

- (I) 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.