

Sonal Mercantile Limited



Annual Report 2021-2022

Contents

| Serial No. | Particulars | Page no. |
|---|---|-----------------|
| 1. | Chairman's Message | 3 |
| 2. | Company's Information | 4-5 |
| 3. | Notice of Thirty Seven Annual General Meeting | 6-7 |
| (a) | Notes & Instructions | 8-15 |
| (b) | Annexures to Notice | 16-19 |
| 4. | Board's Report | 20-28 |
| Annexures of Board's Report | | |
| (a) | Secretarial Audit Report | 29-32 |
| (b) | Extract of Annual Return (Form MGT-9) | 33-39 |
| (c) | Statement of Particulars of Employees | 40 |
| (d) | Disclosure of Particulars of Contracts-Arrangements (Form AOC-2) | 41 |
| (e) | CSR Policy with annexure | 42-49 |
| 4. | Management Discussions and Analysis Report (MDAR) | 50-52 |
| 5. | Corporate Governance Report (CGR) | 53-70 |
| Annexures of Corporate Governance Report | | |
| (a) | Certificate for adherence to the Code of Conduct | 71 |
| (b) | Director and CFO Certification to the Board | 72 |
| (c) | Certificate of compliance of conditions of Corporate Governance | 73 |
| (d) | Certificate of Non-Disqualification of Directors | 74 |
| 6. | Standalone Financial Statements | |
| (a) | Independent Auditors Report with Annexure | |
| (b) | Standalone Balance Sheet of F.Y. 2021-2022 | |
| (c) | Standalone Statement of Profit & Loss Account for year ended March 31, 2022 | |
| (d) | Standalone Cash Flow Statement of F.Y. 2021-2022 | |
| (e) | Notes on Standalone Financial Statements | |
| 7. | Consolidated Financial Statements | |
| (a) | Independent Auditors Report with Annexure | |
| (b) | Consolidated Balance Sheet of F.Y. 2021-2022 | |
| (c) | Consolidated Statement of Profit & Loss Account for year ended March 31, 2022 | |
| (d) | Consolidated Cash Flow Statement of F.Y. 2021-2022 | |
| (e) | Notes on Consolidated Financial Statements | |

Chairman's Message

Dear Members

It's a pleasure to present the Annual Report of Financial Year 2021-2022 of your Company. This year was remarkable; your Company had earned profit after tax of Rs. 609.10 Lakh. 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 loans 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 |
| Mrs. Rati Goswami | - | Independent Director |
| Mr. Munish Kumar Garg | - | Independent Director |
| Mr. Pardeep Kumar | - | Independent Director |

CHIEF FINANCIAL OFFICER

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

COMPANY SECRETARY AND COMPLIANCE OFFICER

| | | |
|---------------------|---|--|
| Mr. Akshay Khare | - | Company Secretary/Compliance Officer (w.e.f. 10.06.2022) |
| Mrs. Prabhjeet Kaur | - | Company Secretary/Compliance Officer (till 27.04.2022) |

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 & SCRUTINIZER

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
HDFC Bank

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. Pardeep Kumar (Chairman) |
| | Mrs. Rati Goswami (Member) |
| | Mr. Rajan Goyal (Member) |
| | Mr. Munish Kumar Garg (Member) |
| | Mr. Deepak (Member) |
| Nomination & Remuneration Committee | Mrs. Rati Goswami (Chairperson) |
| | Mr. Rajan Goyal (Member) |
| | Mr. Munish Kumar Garg (Member) |
| | Mr. Pardeep Kumar (Member) |
| | Mr. Deepak (Member) |
| Stakeholders & Relationship Committee | Mr. Munish Kumar Garg (Chairman) |
| | Mr. Pardeep Kumar (Member) |
| | Mr. Deepak (Member) |
| | Mrs. Rati Goswami (Member) |
| | Mr. Rajan Goyal (Member) |
| Risk Management Committee | Mr. Munish Kumar Garg (Chairman) |
| | Mr. Pardeep Kumar (Member) |
| | Mr. Deepak (Member) |
| | Mr. Vikram Goyal (Member) |
| | Mr. Rajan Goyal (Member) |

NOTICE

NOTICE is hereby given that the **Thirty Seven Annual General Meeting (AGM)** of the members of the Company which is scheduled to be held on **Friday, September 30, 2022 at 11.00 AM** 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, 2022, along with the reports of the Board of Directors and the Auditors thereon.

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

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

3. Appointment of Statutory Auditor

To appoint Statutory Auditors, M/s. Ajay Rattan & Co. Chartered Accountants in place of M/s. V.N. Purohit & Co. Chartered Accountants, who retire at the ensuing Annual General Meeting and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ajay Rattan & Co. Chartered Accountants (Firm Reg No. 012063N) be and is hereby appointed as the Statutory Auditors of the Company, [in place of the retiring Statutory Auditors, of M/s. V.N. Purohit & Co. Chartered Accountants, to hold office for a term of five consecutive years from the conclusion of 37th Annual General Meeting till the conclusion of 42nd Annual General Meeting of the Company to be held in the year 2027, at such remuneration, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

Special Business:

4. Approval of Material Related Party Transaction

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Regulations 23 and other applicable Regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, and other applicable provisions of the Companies Act, 2013 ('Act') read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, as may be required and based on the recommendation of the Audit Committee, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the

‘Board’, which term shall be deemed to include the Audit Committee to the approval of Material Related Party Transaction(s) / Contract(s) / Arrangement(s) / Agreement(s) entered (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise), as mentioned in detail in the Explanatory Statement annexed herewith, consent of the Members be and is hereby accorded for ratification / approval of material related party transaction(s) entered by the Company with Rudraveerya Developers an associate Company, during the financial year 2021-22, as per the details set out in the explanatory statement annexed to the notice convening this meeting.”

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

5. Approval of Material Related Party Transaction

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Regulations 23 (3) & (4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), as amended from time to time, and other applicable provisions of the Companies Act, 2013 (‘Act’) read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, as may be required and based on the recommendation of the Audit Committee, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the ‘Board’, which term shall be deemed to include the Audit Committee to the omnibus approval of Material Related Party Transaction(s) / Contract(s) / Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise), as mentioned in detail in the Explanatory Statement annexed herewith, between the Company and Rudraveerya Developers an associate Company on such terms and conditions as may be mutually agreed for an aggregate value not exceeding Rs. 200 crore during the financial year 2022-23, provided that such transaction(s) / contract(s) / arrangement(s) / agreement(s) is being carried out at an arm’s length pricing basis and in the ordinary course of business.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

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

**Date: September 01st, 2022
Place: New Delhi**

**Akshay Khare
Company Secretary**

Notes:

1. General Instructions for accessing and participating in the 37th 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 and Circular No. 02-2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting 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 authorized representatives to attend the AGM through VC-OAVM and participate there at 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) 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 AGM will be provided by NSDL.
 - f) 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 can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.in and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
 - g) In terms of section 152 of the Act, Mr. Rajan Goyal (DIN: 02600825), 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 in Annexure to the Notice.
 - h) AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

- i) The remote e-voting period begins on **27th September, 2022 at 09.00 A.M. and ends on 29th September, 2022 at 05.00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) **i.e. 23rd September, 2022** may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **23rd September, 2022**. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, 24th September 2022 to Friday, 30th September 2022** (both days inclusive).

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:




Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in demat mode with NSDL. | <p>Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of</p> |

| | |
|---|---|
| | <p>e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p>  </div> <div style="text-align: center;">  <p>Google Play</p>  </div> </div> |
| <p>Individual Shareholders holding securities in demat mode with CDSL</p> | <p>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/loginor www.cdslindia.com and click on New System Myeasi.</p> <p>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p> |