

Date: September 02, 2022

To,
The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

BSE Scrip Code – 538943

Dear Sir / Madam,

Sub.: Submission of 37th Annual Report along with Notice of Annual General Meeting for the Financial Year 2021 - 2022

We wish to inform you that the 37th Annual General Meeting (the 'AGM') of the Members of the Company will be held on **Friday, 30th September, 2022 at 11.00 A.M. IST** through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') in compliance with the MCA circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and notifications issued by the Securities and Exchange Board of India (SEBI).

The schedule of remote e-voting facility is set out as under (both days inclusive):

Event	Day, Date and Time
Cut-off date for e-voting	Friday, September 23 rd , 2022
Commencement of remote e-voting	Tuesday, September 27 th , 2022 (9:00 a.m. IST)
End of remote e-voting	Thursday, September 29 th , 2022 (5:00 p.m. IST)

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of the AGM for the financial year 2021-2022.

The same is also being made available on the Company's website at www.sonalmercantile.in.

Kindly take the same on your records.

Thanking you,

For and on behalf of
Sonal Mercantile Limited



Akshay Khanna
Company secretary

Sonal Mercantile Limited



Annual Report 2021-2022

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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
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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: csnguptanitin@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>
Individual Shareholders holding securities in demat mode with CDSL	<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>

Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 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.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

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 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, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL

eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

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 example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

Password details for shareholders other than Individual shareholders are given below:

If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

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.

How to retrieve your 'initial password'?

If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:

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.

Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

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 etc.

Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

Now, you will have to click on “Login” button.

After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.

Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.

Now you are ready for e-Voting as the Voting page opens.

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.

Upon confirmation, the message “Vote cast successfully” will be displayed.

You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cs Gupta nitin@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go

through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

3. 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 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in or contact Ms. Pallavi Mhatre, Manager or Ms. Soni Singh, Asst. Manager, National Securities Depository Limited, Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email id – evoting@nsdl.co.in or pallavid@nsdl.co.in or SoniS@nsdl.co.in or at telephone nos.:- +91 22 24994545, +91 22 24994559, who will also address the grievances connected with voting by electronic means. Members may also mail to the sonalmercantile@yahoo.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to sonalmercantile@yahoo.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to sonalmercantile@yahoo.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. 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 required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member 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.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at sonalmercantile@yahoo.in. The same will be replied by the company suitably.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 3.

This explanatory statement is in terms of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The Members of the Company earlier approved the appointment of M/s. V.N. Purohit & Co. Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of 33rd AGM till the conclusion of 37th AGM of the Company. Accordingly, M/s. V.N. Purohit & Co. Chartered Accountants, will complete their present term on this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors based on the recommendation of the Audit Committee proposes the appointment of M/s. Ajay Rattan & Co. Chartered Accountants (Firm Reg No. 012063N) as the Statutory Auditors of the Company. If approved by the members, the appointment of M/s. Ajay Rattan & Co. Chartered Accountants as the Statutory Auditors will be for a period of five years commencing from the conclusion of this 37th AGM till the conclusion of the 42nd AGM to be held in the year 2027 at such remuneration plus reimbursement of out-of-pocket expenses, if any. There is no material change in the remuneration payable to M/s. Ajay Rattan & Co. Chartered Accountants.

M/s. Ajay Rattan & Co. Chartered Accountants have confirmed that their appointment, if made, would be within the limits specified under Section 141(3) (g) of the Act and that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors, Key Managerial Personnel and other relatives are concerned or interested in the Resolution at Item No. 3 of the Notice. The Board recommends the Ordinary Resolution at Item No. 3 of this Notice for the approval of the members.

ITEM NO 4.

The provisions of Regulation 23 of the SEBI Listing Regulations, mandated that approval of Members by means of an ordinary resolution should be obtained for all material related party transactions, even if such transactions are in the ordinary course of business of the concerned company and at an arm's length basis. A transaction was considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) 10% of the annual consolidated turnover as per the last audited financial statements of the listed entity.

In financial year 2021-22, the related party transactions as mentioned below, in the aggregate, have crossed the applicable materiality threshold as mentioned above. Accordingly, as per the SEBI Listing Regulations, approval of the Members is being sought for ratification of all such arrangements / transactions undertaken by the Company. The transactions were in the ordinary course of business of the Company and on an arm's length basis.

The said related party transactions were approved by the Audit Committee of the Company.

S.No.	Particulars	Details of Transactions
1	Name of the Related Party	Rudraveerya Developers Limited
2	Relationship with the Company	Associate Company

3	Type, Material terms and particulars of the proposed transaction and Value of the proposed Transaction	Material terms and conditions are based on contract. Inter – corporate loans taken & repaid, interest paid an aggregating value not exceeding Rs. 10 Crore in the financial year 2021-2022 in the ordinary course of business at arm's length price.
4	Nature of concern or interest of the related party	Financial
5	Transaction relating to any loans, inter-corporate deposits, advances or investments received or given by the Company.	
a	Details of Financial Indebtedness incurred	In the ordinary course of business.
b	Tenure	During financial year 2021-2022
c	Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security.	Loans taken, repaid. Percentage of Interest paid is between 8 to 10% Loan is Unsecured in nature. Repayment schedule : As per Loan agreement
d	The purpose for which the funds will be utilized by the ultimate Beneficiary of such funds pursuant to the RPT.	In the ordinary course of business.
6	Justification as to why the RPT is in the interest of the Company	The transaction is repetitive in nature and in the ordinary course of business at arm's length price.
7	Valuation or other external party report	Not applicable

None of the Directors, Key Managerial Personnel and other relatives are concerned or interested other than to the extent of their shareholding/ directorships, in the Resolution at Item No. 4 of the Notice. The Board recommends the Ordinary Resolution at Item No. 4 of this Notice for the approval of the members. No related party can vote on the Item no. 4. of this Notice.

ITEM NO 5.

Regulation 23 of the SEBI Listing Regulations, inter alia, states that effective from April 1, 2022, all Material Related Party Transactions ('RPT') shall require prior approval of the shareholders by means of an Ordinary Resolution, even if such transaction(s) are in the ordinary course of business and at an arm's length pricing basis. A transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds `1,000 crore or 10% of the annual consolidated turnover of a listed entity as per the last audited financial statements of the listed entity, whichever is lower.

The Management has provided the Audit Committee with relevant details of the RPT. The Audit Committee, after reviewing all necessary information, has granted its omnibus approval for entering into the below

mentioned RPT. The Audit Committee has noted that the said transaction will be at an arm's length pricing basis and will be in the ordinary course of business.

S.No.	Particulars	Details of Transactions
1	Name of the Related Party	Rudraveerya Developers Limited
2	Relationship with the Company	Associate Company
3	Type, Material terms and particulars of the proposed transaction and Value of the proposed Transaction	Material terms and conditions are based on contract. Inter – corporate loans taken & repaid, interest paid an aggregating value not exceeding Rs. 200 Crore in the financial year 2022-2023 in the ordinary course of business at arm's length price.
4	Nature of concern or interest of the related party	Financial
5	Transaction relating to any loans, inter-corporate deposits, advances or investments received or given by the Company.	
a	Details of Financial Indebtedness incurred	In the ordinary course of business.
b	Tenure	The Transactions are proposed to be undertaken during F.Y 2022-2023.
c	Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security.	Loans taken, repaid. Percentage of Interest paid is between 8 to 10% Loan is Unsecured in nature. Repayment schedule : As per Loan agreement
d	The purpose for which the funds will be utilized by the ultimate Beneficiary of such funds pursuant to the RPT.	In the ordinary course of business.
6	Justification as to why the RPT is in the interest of the Company	The transaction is repetitive in nature and in the ordinary course of business at arm's length price.
7	Valuation or other external party report	Not applicable

None of the Directors, Key Managerial Personnel and other relatives are concerned or interested other than to the extent of their shareholding/ directorships, in the Resolution at Item No. 5 of the Notice. The Board recommends the Ordinary Resolution at Item No. 5 of this Notice for the approval of the members. No related party can vote on the Item no.5. of this Notice.

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	Mr. Rajan Goyal
DIN	02600825
Date of Birth	October 07, 1976
Age	46 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 Non Executive director
Number of shares held in the Company as on March 31, 2022	-
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

BOARD REPORT

Dear Members,

Your Directors present the **Thirty Seventh Annual Report** of your Company together with the **Audited Financial Statements** of the Company for the Financial Year ended **March 31, 2022**.

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, 2022 (In Lakh)	March 31, 2021 (In Lakh)
Total Income	2091.07	1850.61
Total Expenditure	1272.57	1230.81
Profit-(Loss) before tax	818.50	619.80
Profit-(Loss) after tax	609.10	462.32
Paid-up Share Capital	1473.85	1473.85

3. Operating Highlights

During the year under review, revenue from operations of the Company is Rs. 2084.46 Lakh as compared to 1850.50 Lakh in the previous year. The Company earned a profit after tax of Rs. 609.10 Lakh as compared to Rs. 462.32 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 2021-22 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, 2022.

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. 121.82 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, 07 (Seven) 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.

❖ 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.

❖ Appointment of KMP / Directors

No Directors has been appointed during the year.

Mrs. Prabhjeet kaur has been appointed as Company Secretary cum Compliance officer of the Company w.e.f. 14.06.2021.

Mr. Akshay Khare has been appointed as Company Secretary cum Compliance officer of the Company w.e.f. 10.06.2022.

❖ 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 of KMP / Directors

No Directors has been resigned during the year.

However, Mrs. Prabhjeet kaur has been resigned from the post of Company Secretary cum Compliance officer of the Company w.e.f. 27.04.2022.

❖ 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 during the year 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. Prabhjeet Kaur	Company Secretary & Compliance Officer	June 14, 2021 to April 27, 2022

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 i.e. www.sonalmercantile.in.

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. i.e. www.sonalmercantile.in.

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 i.e. www.sonalmercantile.in.

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 i.e. www.sonalmercantile.in.

19. Auditors

❖ Statutory Auditors

The Members of the Company earlier approved the appointment of M/s. V.N. Purohit & Co. Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of 33rd AGM to conclusion of 37th AGM of the Company. Accordingly, M/s. V.N. Purohit & Co. Chartered Accountants, will complete their present term on this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014..

The company is proposing to appoint M/s. Ajay Rattan & Co. Chartered Accountants (Firm Reg No. 012063N) as Statutory Auditors for a period of five (5) years commencing from the conclusion of this AGM till the conclusion of the 42nd AGM to be held in the year 2027.

M/s. Ajay Rattan & Co. Chartered Accountants, have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits mentioned under Section 141(3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Audit Committee and the Board of Directors recommend the appointment of M/s. Ajay Rattan & Co. Chartered Accountants as Statutory Auditors of the company from the conclusion of this AGM till the conclusion of the 42nd AGM to be held in the year 2027.

The Board places on record its appreciation for the services of M/s. V.N. Purohit & Co. Chartered Accountants during their tenure as the Statutory Auditors of your company. The Auditors' Report for financial year 2021-2022 on the financial statements forms part of this Annual Report. The Auditors have also confirmed that they satisfy the independence criteria required under Companies Act, 2013 and Code of Ethics issued by Institute of Chartered Accountants of India. The Auditors attended the last Annual General meeting of the Company. During the year under review, the Statutory Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

❖ 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 2021-

22. 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.

Internal Auditor

The Company has appointed Ms. Surbhi Singhal as an Internal Auditor of the Company for the financial year 2021-22.

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**”.

The Web Address where Annual Return of the Company for the Financial Year 2021-22 referred in Section 92 has been placed is www.sonalmercantile.in.

21. Corporate Social Responsibility

Pursuant to provision of Section 135 of the Companies Act, 2013, your Company falls within the criteria of CSR applicability, therefore, the Company has formed CSR Policy. The CSR Policy & CSR Activity Report is annexed herewith as “**Annexure E**”.

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	2021-22 (Rs.)	2020-21 (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 i.e. www.sonalmercantile.in.

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 2021-22, 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, 2022 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. Dematerialisation of Shares:

The ISIN No. INE321M01017 has been allotted for the Company. Therefore, the matter and/or investors may keep their shareholding in the electronic mode with their Depository Participates. 99.18% of the Company were held in dematerialized form and 0.82% of the issued share capital as on March 31, 2022.

34. Health, Safety And Environment Protection:

The Company has complied with all the applicable environmental law and labour laws. The Company has been complying with the relevant laws and has been taking all necessary measures to protect the environment and maximize worker protection and safety.

35. Human Resources

People remain the most valuable asset of your Company. Your Company follows a policy of building strong teams of talented professionals. Your Company continues to build on its capabilities in getting the right talent to support different products and geographies and is taking effective steps to retain the talent. It has built an open, transparent and meritocratic culture to nurture this asset. The Company recognizes people as its most valuable asset and The Company has kept a sharp focus on Employee Engagement. The Company's Human Resources is commensurate with the size, nature and operations of the Company.

36. Maintenance Of Cost Records

Maintenance of Cost Audit Records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company and accordingly such accounts and records are not required to be made and maintained.

37. RBI Guidelines

The Company continues to fulfill all the norms and standards laid down by the Reserve Bank of India for the Non-Banking Financial Company.

38. NBFC Registration

The company has registered with Reserve Bank of India as Non-Banking Finance Company vide: B-14.02393 Dated 19/07/2002.

39. Credit Rating

The directors of the Company are pleased to report that the Company is registered with all four RBI Authorized CIC's Companies i.e. TransUnion CIBIL Limited (Formerly: Credit Information Bureau (India) Limited), Credit Information Bureau (India) Limited (CIBIL), Equifax Credit Information Services Private Limited (ECIS), Experian Credit Information Company of India Pvt. Ltd, CRIF High Mark Credit Information Services Pvt. Ltd.

40. 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 01st, 2022
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, 2022****[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, 2022 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, 2022 according to the provisions of:

The Companies Act, 2013 (the Act) and the rules made thereunder;

The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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);**

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the company during the audit period);**

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);**

The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the company during the audit period);**

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;

The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the company during the audit period);**

The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the company during the audit period);**

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Reserve Bank of India Act, 1934

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

Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI);

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, except the following:

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) Change in Key Managerial persons are as follows:
 - a) Ms. Prabhjeet Kaur was appointed as Company Secretary of the Company w.e.f. 14-06-2021.

Place: New Delhi
Date: 23-07-2022
UDIN: A035299D000672980

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

**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.

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.

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.

I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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.

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: 23-07-2022**

**NITIN GUPTA
Practicing Company Secretary
Membership No: 35299**

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON 31-03-2022**

[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, VardhmanGrand 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 31-03-2021				Shares Held at 31-03-2022				% 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	3672396	0	3672396	24.92	3672396	0	3672396	24.92	0
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)	3672396	0	3672396	24.92	3672396	0	3672396	24.92	0
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)	3672396	0	3672396	24.92	3672396	0	3672396	24.92	0
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	6856440	0	6856440	46.52	6607102	0	6607102	44.83	-1.69
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	266232	113334	379566	2.58	287203	91642	378845	2.57	-0.01
2)	Individual shares holders having nominal share capital Excess of Rs. 1,00,000	2604047	113000	2717047	18.43	3700875	29200	3730075	25.31	6.88
c)	Others									
a)	HUF	1111858	0	1111858	7.54	348650	0	348650	2.37	-5.17

b)	Non Resident Indian	103	0	103	0.00	810	0	810	0.01	0.01
c)	Foreign National	0	0	0	0.00	0	0	0	0.00	0.00
d)	Clearing Members	1115	0.00	1115	0.01	647	0.00	647	0.01	-0.01
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)	10839795	226334	11066129	75.08	10945287	120842	11066129	75.08	0.00
	Total Public Shareholding (B)	10839795	226334	11066129	75.08	10945287	120842	11066129	75.08	0.00
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	14512191	226334	14738525	100	14617683	120842	14738525	100	0.00

(ii) Shareholding of Promoters:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01-04-2021)			Shareholding at the end of the year (31-03-2022)			% 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	3672396	24.92	0	0
	Total	3672396	24.92	0	3672396	24.92	0	0

(iii) Change in Promoters' Shareholding:

Sr. no	Name	Shareholding during the year (01-04-2021 to 31-03-2022)		Date	Increase- Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2021 to 31-03-2022)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Ram Gopal Goyal & Sons LLP	3672396	24.92	-	-	-	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 31-03-2021		Transactions during the year 2021-22		Cumulative shareholding as on 31-03-2022	
		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	3632610	24.65				
	Purchase			31.03.2022	12525	3645135	24.73
	Balance					3645135	24.73
2	ORION PROPMART PRIVATE LIMITED	1517926	10.30				
	Purchase			28.01.2022	750	1518676	10.30
	Purchase			04.02.2022	1	1518677	10.30
	Sale			11.02.2022	-1428993	89684	0.61
	Purchase			18.03.2022	1430	91114	0.62
	Purchase			25.03.2022	1428993	1520107	10.31
	Balance					1520107	10.31
3	ORION INFRADEVELOPERS PRIVATE LIMITED	1316757	8.93				

	Purchase			26.11.2021	450	1317207	8.94
	Purchase			17.12.2021	2380	1319587	8.95
	Purchase			07.01.2022	500	1320087	8.96
	Sale			04.02.2022	-1	1320086	8.96
	Sale			11.02.2022	-1316757	3329	0.02
	Purchase			25.03.2022	1316757	1320086	8.96
	Balance					1320086	8.96
4	ARVIND KUMAR BANSAL HUF	765625	5.19				
	Sale			19.11.2021	-630000	135625	0.92
	Sale			26.11.2021	-135625	0	0
	Balance					0	0
5	NISHA AGARWAL	415000	2.82	-	-		
	Balance			-	-	415000	2.82
6	TIA ENTERPRISES PRIVATE LIMITED	299229	2.03				
	Sale			19.11.2021	-4467	294762	2.00
	Sale			26.11.2021	-172996	121766	0.83
	Balance					121766	
7	RADHA DEVI PODDAR	275000	1.87				
	Balance					275000	1.87
8	POOJA SINGLA	142313	0.97				
	Balance					142313	0.97
9	LILA DHAR GOYAL	141000	0.96				
	Balance					141000	0.96
10	MANJU SINGLA	139400	0.95				
	Balance					139400	0.95

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

Sr. no	Name	Shareholding at the beginning of the year (as on 01-04-2021		Date	Increase- Decrease in share- holding	Reason	Cumulative Shareholding during the year (01-04-2021 to 31-03-2022)	
		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	01-04-2021	0	Nil movement during the year	0	0
		0	0	31-03-2022			0	0
2	Rajan Goyal (Non-executive Non Independent Director)	0	0	01-04-2021	0	Nil movement during the year	0	0
		0	0	31-03-2022			0	0
3	Rati Goswami (Independent Director)	0	0	01-04-2021	0	Nil movement during the year	0	0
		0	0	31-03-2022			0	0
4	Pardeep Kumar (Independent Director)	0	0	01-04-2021	0	Nil movement during the year	0	0
		0	0	31-03-2022			0	0
5	Munish Kumar Garg (Independent Director)	0	0	01-04-2021	0	Nil movement during the year	0	0
		0	0	31-03-2022			0	0
6	Deepak (Independent Director)	27000	0.18	01-04-2021	0	Nil movement during the year	27000	0.18
		27000	0.18	31-03-2022			27000	0.18
B. Key Managerial Personnel(KMP's):								
1	Rohit Saraogi (Chief Financial Officer)	0	0	0	0	0	0	0
2	Prabhjeet Kaur (Company Secretary)	0	0	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 (Mrs. Prabhjeet Kaur)	CFO (Mr. Rohit Saraogi)	Total
1.	Gross salary: (a)Salary as per provisions contained in section17(1) of the Income-tax Act,1961 (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	-	3,22,259 - -	6,30,000 - -	9,52,259 - -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as% of profit -others, specify...	- -	- -	- -	- -
5.	Others, please specify	-	-	-	-
	Total	-	3,22,259	6,30,000	9,52,259

VII. PENALTIES- PUNISHMENT- COMPOUNDING OF OFFENCES:- NIL

For and on Behalf of the Board
Sonal Mercantile Limited

Date: September 01st, 2022
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

1. **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 Nil.

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

S. No.	Name	Designation	% Increase
1	Mrs. Prabhjeet Kaur	Company Secretary	-
2	Mr. Rohit Saraogi	Chief Financial Officer	-

3. **The percentage increase/decrease in the remuneration of employees in the financial year;**

The remuneration of the employees in the financial year increase/decrease by around 58 percentage The calculation of % increase in Remuneration is done based on overall employee cost.

4. **Number of Permanent Employees on the rolls of Company: Eight**

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.

6. **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.

7. **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 01st, 2022
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 arm's length transaction under third proviso thereto.

Details of contracts or arrangements or transactions at Arm's length basis.
(Rs in '000')

S. No.	Transaction with	Nature of transaction	Transactions during the year		Balance as at	
			31-03-2022	31-03-2021	31-03-2022	31-03-2021
(i)	Associate Company: -					
	Rudraveerya Developers Ltd	Loan Received	62,007.67	199,753.69	325,341.02	872,297.35
		Loan repaid	608,964	312,350	Nil	Nil
		Finance cost	54,904.54	82,797.48	40,649.09	243.29
(ii)	Key Management Personnel: -					
	Rohit Saraogi	Remuneration	630	600	47.87	95.75
	Prabhjeet Kaur	Remuneration	287.35	Nil	34.91	Nil
	Kush Mishra	Remuneration	Nil	165.95	Nil	Nil
(iii)	Relatives of Key Management Personnel: - None					
(iv)	Enterprises owned or significantly influenced by Key Management Personnel or their Relatives: - None					

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

Date: September 01st, 2022
Place: New Delhi

Vikram Goyal
Whole Time Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

SONAL MERCANTILE LIMITED

{CORPORATE SOCIAL RESPONSIBILITY POLICY}

Corporate Social Responsibility ("CSR") is the commitment of companies to provide resources and support activities focused on enhancing economic and social development. It is the effort made by companies to improve the living conditions of the local area in which they operate and the society at large. The activities taken up as a part of corporate social responsibility reflect the intent to create a positive impact on society without seeking any commensurate monetary benefits.

CSR has been a commitment at Sonal Mercantile Limited ("Company"). Being a responsible corporate citizen, the Company is committed to performing its role towards the society at large. In alignment with its vision, the Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. Its contribution to social sector development includes several pioneering interventions and is implemented through the involvement of stakeholders within the Company and with the broader community.

The Company's objective is to pro-actively support meaningful socio-economic development. It works towards developing an enabling environment that will help citizens realise their aspirations towards leading a meaningful life. The Company aims to identify critical areas of development contributing to the well-being of the community and benefitting them over a period of time.

The Corporate Social Responsibility Policy ("Policy") of the Company sets out the framework guiding the Company's CSR activities. The Policy also sets out the rules that need to be adhered to while taking up and implementing CSR activities.

1. SCOPE OF THE POLICY

The Policy would pertain to all activities undertaken by Company towards fulfilling its corporate social responsibility objectives. The Policy would also ensure compliance with section 135 of the Companies Act, 2013 ("Companies Act"), read with Schedule VII of the Companies Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), each as amended from time to time and the notifications and circulars issued by the Ministry of Corporate Affairs from time to time and the rules framed thereunder ("CSR Regulations"). In the event of any inconsistency or discrepancy between this Policy and the CSR Regulations, the provisions of the CSR Regulations shall prevail.

2. COMPOSITION

The CSR Committee shall consist of 3 or more directors, out of which at least one director must be an independent director. The Board may change the composition of the CSR Committee from time to time in such manner as it thinks fit and as required under the CSR Regulations.

However, Section 135 (9) of the Companies Act, 2013 states that **'Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.'**

Therefore, Company has not constituted the CSR Committee. The Board of Directors of the Sonal Mercantile handling all the functions related to Corporate Social Responsibility.

3. OPERATING FRAMEWORK

CSR activities may be undertaken by the Company.

CSR activities will be undertaken in areas identified by the Board Of Directors. An annual CSR plan shall be presented to the Board Of Directors.

Activities undertaken by Company may be implemented directly by the Company as well as by not-for-profit entities, if necessary and required. Such entities and projects shall be supported after ascertaining the credibility of the agency and its track record in implementing projects. The entity shall generally have a track record in implementing such projects.

The responsibility for implementation of identified activities/ projects shall be as per the organizational structure approved by the Whole Time Director.

The annual plan shall incorporate the following:

- (a) The prescribed outlay on CSR as per the Companies Act and related rules as amended from time to time;
- (b) Key CSR activities proposed to be undertaken during the year, including analysis of their eligibility for classification as CSR under the Companies Act and related rules as amended from time to time, their conformity with the Policy and their implementation schedules;
- (b) Proposed outlay on each activity including expenditure on administrative overheads both directly and indirectly including employee costs;
- (c) Activities to be undertaken by Company directly;
- (d) Activities to be undertaken by other entities and Company's contribution to such entities; and

The authority to incur expenditures under the above plan shall be as per the approved delegation of financial powers in the Company.

Funds would be disbursed either in tranches or as one-time payment. The terms, conditions and timing of disbursement would be conditional upon the nature and requirement of the CSR project or programme.

4. DECISION MAKING BY THE BOARD OF DIRECTORS

The Board Of Directors shall at all-time act in a manner that is consistent with the provisions contained in this Policy and the CSR Regulations.

The Board Of Directors shall endeavour to arrive at all decisions via consensus of all members. However, on occurrence of any event.

5. CSR SPENDING

The Company may, in every financial year, spend such amounts on its CSR activities approved by the Board, provided that the Board shall ensure that the CSR expenditure is compliant with the CSR Regulations.

The Company shall undertake CSR spending in accordance with the CSR Regulations, as amended from time to time.

6. CSR IMPLEMENTATION

The Board shall ensure that the CSR activities are undertaken by the Company itself or through-

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company;
- (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government;
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities,

In the manner prescribed under the CSR Regulations, as amended from time to time.

The Company may collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

The Board shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the chief financial officer of the Company or the person responsible for financial management shall certify to the effect.

In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

The Board Of Directors shall formulate an annual action plan in pursuance of its Policy, which shall include the following, namely:-

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
- (b) the manner of execution of such projects or programmes as specified in the CSR Rules;
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company,

Provided that Board may alter such plan at any time during the financial year, based on the reasonable justification to that effect.

7. MONITORING

The Board Of Directors shall ensure a transparent monitoring mechanism for CSR activities.

- (a) The progress of the CSR activities shall be reviewed at least twice a year, including the annual review by the Board Of Directors.
- (b) The Chief Financial Officer shall be responsible for monitoring expense on CSR activities with respect to the plan and submission of the same to the Board.
- (c) The Board of Directors shall review the progress of CSR activities at least annually.

8 DISCLOSURE

The Board's Report of the Company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in the CSR Regulations, as applicable to the Company.

The above information shall also be displayed on the Company's website.

9 CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The projects or programmes to be undertaken by Company as CSR in India will be considered and approved by the Board Of Directors. Any project or programme that is exclusively for the benefit of Company's employees would not be considered as CSR.

Company's primary focus areas for CSR activities are:

- 1. Poor Eradication**
- 2. Education**
- 3. Health care**
- 4. Safe drinking water**
- 5. Social Empowerment**
- 6. Sports& culture**
- 7. Training &Employment**
- 8. Grant/donation/financial assistance/sponsorship to reputed NGO's engaged in the upliftment of the society**
- 9. Donation to reputed NGO,s engaged in the upliftment of the society**
- 10.Sponsorships**
- 11.Salary to Regular CSR Staff**

10 AMENDMENTS

The Policy may be reviewed and amended from time to time by the Board.

REPORT ON CSR ACTIVITIES

1. Brief Outline on CSR Policy of the Company:

The Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. The Company's objective is to pro-actively support meaningful socio-economic development. Pursuant to provisions of Section 135 of the Companies Act, 2013, the Company has formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.sonalmercantile.in.

2. Composition of CSR Committee: N.A.

Section 135 (9) of the Companies Act, 2013 states that 'Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.'

Therefore, Company has not constituted the CSR Committee. The Board of Directors of the Sonal Mercantile handling all the functions related to Corporate Social Responsibility.

3. Provide weblink where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

The Company has framed a CSR Policy and the same is placed on the website of the Company i.e. www.sonalmercantile.in.

4. Provide the Details of impact assessment of CSR Projects out in pursuance of sub-rule (3) of rule 8 of the companies (Corporate Social responsibility Policy) Rules, 2014 if applicable (attach the report) – NA

5. Detail of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the (Companies Corporate Social Responsibility Policy) rule 2014, and amount required for set off for the financial year, if any: NIL

6. Average profit before tax of the Company as per section 135(5):

Average profit before tax of the company for last three financial years: Rs. 3,28,41,543

7. (a) Two percent of average net profit of the Company as per section 135(5): Rs. 6,56,830

(b) Surplus arising out of the CSR Projects or Programs or Activities of the previous financial years.: NIL

(c) Amount required to be set-off for the financial year, if any: NIL

(d) Total CSR Obligation for the Financial Year [7a+7b-7c]: Rs. 6,56,830

8. a) CSR amount spent or unspent for the financial year:

Total Amount spent for the financial year (in Rs.)	Amount Unspent (in Rs.)				
	Total amount transferred to unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of fund	Amount	Date of Transfer
Unspent	Rs. 6,56,830	15-04-2022	Not Applicable	Not Applicable	Not Applicable

a) details of CSR amount spent against on-going projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl No.	Name of project	Items from the list of Activities in Schedule VII to the Act.	Local Area	Location of project		Project Duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial year (in Rs.)	Amount transferred to Unspent CSR account for the project as per Section 135(6) (in Rs.)	Mode of implementation - Direct (in Rs.)	Mode of implementation through implementation agency	
				State	District						Name	CSR Registration number
Company has not spent CSR Amount during the financial year 2021-2022.												

b) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl No.	Name of the project	Items from the list of activities in schedule VII to the act.	Local area Y/N	Location of project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation through implementation agency	
				State	District			Name	CSR Registration number.
-	-	-	-	-	-	-	-	-	-

- b) Amount Spent in Administrative Overhead: NIL
- c) Amount spent on Impact assessment, if applicable: NIL
- d) Total amount spent for the financial year [8b+8c+8d+8e]: NIL

9 (a) details of Unspent CSR Amount for the preceding three financial years:

There is no unspent CSR amount from the preceding three financial years.

Sl No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the reporting Financial year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding Financial year (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
The provision of CSR is not applicable in the financial year 2017-2018, 2018-2019, 2019-2020							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl No.	Project ID	Name of The project	Project Duration	Total amount allocated for the project (in Rs.)	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial year (in Rs.)	Cumulative amount spent at the end of the reporting Financial Year (in Rs)	Status of the project- Completed/ Ongoing
Company has not spent CSR Amount during the financial year 2021-2022.								

10 In case of creation or acquisition of capital assets, furnish the details relating to the assets so created or acquired through CSR spent in the financial year:

- (a) Date of acquisition of the capital asset(s): Nil
- (b) Amount of CSR spent for creation or acquisition of capital assets: Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.: Nil
- (d) Provide details of the capital assets(s) created or acquired (including complete address and location of the capital assets): Nil

11. **Specify the reason(s), if the company has failed to spend two percent of the net profit as per section 135(5):** The Company has not spent the CSR amount during the financial year 2021-2022 , The Board has been seeking a suitable project which is related to ongoing project pertains to Poverty, Poor Eradication, Health & Social empowerment. However, Company has transferred the CSR Amount in bank account and will spent the CSR Amount in due course as per Companies Act, 2013.

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

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

**Vikram Goyal
Whole Time Director
DIN: 00381115**

**Rajan Goyal
Director
DIN: 02600825**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

The Covid -19 pandemic ensued global economic downturn, the most severe one since the Global Financial Crisis. The lockdowns and social distancing norms brought the already slowing global economy to standstill. 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. The Government and Central Banks across the globe deployed various policy tools to support their economies such as lowering policy rates, quantitative easing measures, etc.

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 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.

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.

4. Segment-Wise Performance

The Company is engaged only into single reportable segment during the year under review.

5. Outlook

A year into the post COVID-19 world, your Company has not entered into new field during the last year. The global recovery, which has been dampened in the near term with the decrease in the number of COVID-19 cases, it is projected to strengthen over the projected period and 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 Financial Year 2021-2022 was a particularly testing one for our workforce because of the prevalence of the pandemic. Despite operating from COVID-affected parts of the country, helped the company achieve its operational and business targets reaching out to customers and with their physical presence in the office thus putting the interest of the company in front. Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. 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 and thanks for the co-operation and assistance received from the shareholders, bankers, investors, auditors and other government agencies during the year under review. The Board expressed its appreciation and gratitude for the guidance and cooperation extended to the company by RBI, statutory authorities and regulators. The Board records the commitment and dedication of its employees.

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

**Date: September 1, 2022
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 2021-22 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, 2022 is six (06) Directors. Out of these Directors, four 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, 2022, their attendance at the Board Meetings held during the financial year 2021-2022 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, 2022, 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	07	07	Yes	Nil	Nil	Nil
Mr. Rajan Goyal (Director) (DIN: 02600825)	Non-Executive Non Independent	07	07	Yes	Nil	Nil	Nil
Rati Goswami (Director) (DIN:08765348)	Non-Executive - Independent	07	07	Yes	Nil	Nil	Nil
Mr. Deepak (Director) (DIN: 07878217)	Non-Executive - Independent	07	07	Yes	Nil	Nil	Nil
Pardeep Kumar (Director) (DIN: 08862414)	Non-Executive - Independent	07	07	Yes	Nil	Nil	Nil
Munish Kumar Garg (Director) (DIN: 08866982)	Non-Executive - Independent	07	07	Yes	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:**

(e) There were no change in the directorship of the company during the year.

b) Number of Board Meetings

The Board of Directors met **seven times** during the Financial Year 2021-2022. 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. 2021-2022):**

S. No.	Date of Board Meetings	Total Strength of the Board	No. of Directors Present
1	14-06-2021	6	6
2	30-06-2021	6	6
3	14-08-2021	6	6
4	31-08-2021	6	6
5	15-10-2021	6	6
6	13-11-2021	6	6
7	12-02-2022	6	6

❖ **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 i.e. www.sonalmercantile.in.

❖ **Number of shares and convertible instruments held by Non-Executive Directors during the Financial Year 2021-2022.**

Serial No.	Name of Non-Executive Director	Number of Shares
1.	Mr. Rajan Goyal (Non Independent Director)	0
2.	Mrs. Rati Goswami (Independent Director)	0
3.	Mr. Deepak (Independent Director)	27000
4.	Mr. Munish Kumar Garg (Independent Director)	0
5.	Mr. Pardeep Kumar (Independent Director)	0

❖ **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 14.06.2021 & 12.02.2022 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 2021-22, 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:

c) Audit Committee

❖ Composition of Audit Committee

The Audit Committee comprises of five members viz. Mr. Pardeep Kumar (Chairman), Mrs. Rati Goswami (Member), Mr. Munish Kumar Garg (Member), Mr. Deepak (Member) and Mr. Rajan Goyal (Member). In compliance with Regulation 18(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, four 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.

❖ 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 utilization 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:

- 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.
- 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 2021-22

During the year, total five Audit Committee meetings were held respectively on 14.06.2021, 30.06.2021, 14.08.2021, 13.11.2021 and 12.02.2022. The attendance of the members of the committee mentioned as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Mr. Rajan Goyal	5	5
Mrs. Rati Goswami	5	5
Mr. Deepak	5	5
Mr. Munish Kumar Garg	5	5
Mr. Pardeep Kumar	5	5

e) Nomination and Remuneration Committee:

❖ Composition of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of five members viz. Mrs. Rati Goswami (Chairperson), Mr. Pardeep Kumar (Member), Mr. Munish Kumar Garg (Member), Mr. Deepak (Member) and Mr. Rajan Goyal (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 2021-2022

During the year, total three meetings were held respectively on 14.06.2021, 13.11.2021 and 12.02.2022. The attendance of the members of the committee mentioned are as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Mr. Rajan Goyal	3	3
Mrs. Rati Goswami	3	3
Mr. Deepak	3	3
Mr. Munish Kumar Garg	3	3
Mr. Pardeep Kumar	3	3

❖ Role of committee shall, inter-alia, include the following:

- 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.

f) 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 five members viz. Mr. Munish Kumar Garg (Chairman), Mrs. Rati Goswami (Member), Mr. Pardeep Kumar (Member), Mr. Deepak (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 2021-22

During the year, total three meetings were held respectively on 14.06.2021, 13.11.2021 and 12.02.2022. The attendance of the members of the committee mentioned as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Mr. Rajan Goyal	4	4
Mrs. Rati Goswami	4	4
Mr. Deepak	4	4
Mr. Munish Kumar Garg	4	4
Mr. Pardeep Kumar	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.

g) 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, 2022 the Risk Management Committee comprises of Mr. Munish Kumar Garg (Chairman), Mr. Vikram Goyal (Member), Mr. Pardeep Kumar (Member), Mr. Deepak (Member) and Mr. Rajan Goyal (Member).

❖ Meetings of the Committee and Attendance of the Members during 2021-2022

During the year, total three meetings were held respectively on 14.06.2021, 13.11.2021 and 12.02.2022. The attendance of the members of the committee mentioned are as follows:

Name of Member	No. of Meetings Held	Meetings Attended
Mr. Rajan Goyal	4	4
Mr. Vikram Goyal	4	4
Mr. Deepak	4	4
Mr. Munish Kumar Garg	4	4
Mr. Pardeep Kumar	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
2021	Thursday September 30, 2021 at 11:00 A.M.	Meeting held through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM')	No
2020	Friday October 16, 2020 at 02:00 P.M.	Meeting held through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM')	No
2019	Friday July 12, 2019 at 02:00 P.M.	372, Vardhman Plaza, III Floor, Sector-3, Rohini, New Delhi-110085	Yes

However, The venue was deemed as registered office of the Company in case where meeting held through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM').

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.

❖ 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.

The Unaudited/ Audited Financial Results have been published in a Hindi Newspaper and an English Newspaper. The results were sent to the Stock Exchanges on quarterly / half yearly basis. Details of publication of Financial Results are given below:

PERIOD	NAME OF NEWSPAPER
Audited Financial Results for the year ended 31.03.2022	Jansatta (Hindi News Paper) and Financial Express (English News Paper)
Unaudited Financial Results for the Quarter ended on 31.12.2021	Jansatta (Hindi News Paper) and Financial Express (English News Paper)
Unaudited Financial Results for the Quarter ended on 30.09.2021	Jansatta (Hindi News Paper) and Financial Express (English News Paper)
Unaudited Financial Results for the Quarter ended on 30.06.2021	Jansatta (Hindi News Paper) and Financial Express (English News Paper)

The audited yearly/ unaudited quarterly results of the Company are also displayed on the website of the Company at www.sonalmercantile.in. As per the requirements of the Regulation 46 (2) of the SEBI Corporate Governance (Listing Obligations and Disclosure Requirement) Regulations 2015 of the Listing Agreement, the website of the Company is regularly updated.

6. General Shareholder Information

❖ Annual General Meeting Schedule	: Friday, September 30, 2022 at 11:00 A.M. through Video Conferencing ('VC')-Other Audio Visual Means ('OAVM')
❖ Financial Calendar (2021-22) (Tentative)	: The Financial Year of the Company will be April 01, 2021 to March 31, 2022.
❖ Book Closure Dates	: September 24, 2022 to September 30, 2022

❖ Dividend Payment Date	(Both Dates inclusive)
❖ Listing at Stock Exchanges	: Not Applicable
	: 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 2021-2022 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@skylinerta.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, 2022, 99.18% of the Company were held in dematerialized form and 0.82% 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 dematerialized 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. 2021-2022. 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, 2022 are as under.

Stock Market price data for the Financial Year 2021-2022

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares
07-Apr-21	16	16	16	16	16	5
08-Apr-21	15.2	15.2	15.2	15.2	15.2	45
09-Apr-21	15.5	15.5	14.65	15.5	15.49900728	1511
15-Apr-21	14.8	15.15	14.8	15.15	14.81	500
16-Apr-21	15.9	15.9	15.9	15.9	15.9	200

19-Apr-21	16.65	16.65	16.65	16.65	16.648	250
26-Apr-21	15.85	15.85	15.85	15.85	15.85	1160
28-Apr-21	15.1	15.15	15.1	15.15	15.1	30
04-May-21	14.75	14.75	14.75	14.75	14.74920298	941
14-May-21	14.5	14.5	14.5	14.5	14.5	100
21-May-21	15.2	15.2	15.2	15.2	15.16666667	6
25-May-21	15.95	15.95	15.95	15.95	15.95	20
26-May-21	16.7	16.7	16.7	16.7	16.68	25
27-May-21	17.5	17.5	17.5	17.5	17.49206349	63
28-May-21	18.35	18.35	18.35	18.35	18.34482759	145
31-May-21	19.25	19.25	17.45	19.05	18.41041931	2361
01-Jun-21	19.5	20	19	19.5	19.35514019	107
02-Jun-21	20	20.45	19	19	19.81493165	951
03-Jun-21	19.5	19.5	18.05	18.3	18.2028436	1055
04-Jun-21	19.2	19.2	19.2	19.2	19.2	100
07-Jun-21	20.15	20.15	19.2	19.75	19.32403433	1864
08-Jun-21	20.65	20.65	19.15	20.65	20.63785047	856
09-Jun-21	21.65	21.65	19.65	19.65	21.09814815	1080
11-Jun-21	20.6	20.6	19.4	19.4	20.51966439	1907
14-Jun-21	20.3	20.3	19.4	20.2	20.00539084	371
15-Jun-21	20.8	20.8	19.2	19.25	20.03342246	748
16-Jun-21	20.2	20.2	18.3	18.4	19.2130719	765
17-Jun-21	17.5	19.25	17.5	17.7	18.44783715	393
18-Jun-21	18.55	18.55	17.05	17.05	17.6619628	1559
21-Jun-21	17.6	17.9	16.25	16.65	17.84221748	469
22-Jun-21	17.2	17.45	16	16	17.25035562	703
23-Jun-21	16	16	16	16	16	4
24-Jun-21	16	16	16	16	16	300
25-Jun-21	16.8	16.8	16.8	16.8	16.8	675
28-Jun-21	17.6	17.6	17.6	17.6	17.59980139	1007
29-Jun-21	17.6	18.45	16.8	17.15	18.29677419	2170
30-Jun-21	18	18	18	18	18	12
01-Jul-21	18.4	18.9	17.15	18.65	18.44227129	3170
02-Jul-21	19.55	19.55	19.55	19.55	19.54968944	2254
05-Jul-21	20.5	20.5	20.5	20.5	20.5	524
06-Jul-21	21.5	21.5	21.5	21.5	21.5	276
07-Jul-21	22.55	22.55	22.55	22.55	22.54545455	55
08-Jul-21	23.65	23.65	23.65	23.65	23.64988751	3556
09-Jul-21	24.8	24.8	24.8	24.8	24.8	75

12-Jul-21	25.35	26	23.95	24.25	24.69135802	3807
13-Jul-21	23.2	24	23.05	23.25	23.19754768	734
14-Jul-21	22.55	24.35	22.1	22.5	23.21724138	870
15-Jul-21	22.2	23	21.4	21.95	22.24633431	682
16-Jul-21	20.9	23	20.9	21	21.57704821	3381
19-Jul-21	21.55	22	21.55	22	21.90128205	780
20-Jul-21	22.85	23.1	20.9	21.55	22.94494315	1671
22-Jul-21	21.55	21.55	21.55	21.55	21.5	4
23-Jul-21	20.5	22.6	20.5	21	21.49673203	153
27-Jul-21	22.05	22.05	21.5	21.5	21.52571429	525
28-Jul-21	22	22.55	20.6	20.9	21.93963255	381
29-Jul-21	21.9	21.9	20.2	21.05	21.19885277	523
30-Jul-21	22.1	22.1	20.2	20.35	22.0462963	108
02-Aug-21	20.5	21.35	20.45	20.5	20.51028807	486
03-Aug-21	20.4	21.5	19.5	19.6	21.32478632	234
04-Aug-21	20	20.55	20	20.55	20.52845528	246
05-Aug-21	20.55	21.55	19.9	20.05	21.50485437	103
06-Aug-21	20	21.05	20	21.05	20.608	250
09-Aug-21	22.1	22.1	22.1	22.1	22.09913043	575
10-Aug-21	23.2	23.2	21.15	21.3	23.03063629	1273
11-Aug-21	21.35	22.35	20.25	20.45	21.57777778	1395
12-Aug-21	20.5	21.45	20.5	20.65	21.14906832	161
13-Aug-21	19.75	20.5	19.75	20.05	20.16059113	1015
16-Aug-21	19.6	19.6	19.2	19.35	19.35294118	17
17-Aug-21	20.3	20.3	20.3	20.3	20.2983871	124
20-Aug-21	21.3	21.3	21.3	21.3	21.29323308	133
23-Aug-21	22.35	22.35	21.3	21.35	22.32293987	2245
24-Aug-21	22.4	22.4	20.55	21	22.37431694	366
25-Aug-21	22	22.05	20.5	20.5	21.6122449	49
26-Aug-21	21.5	21.5	21.5	21.5	21.5	804
27-Aug-21	22.55	22.55	20.7	21.05	22.10156703	1723
30-Aug-21	22.1	22.1	21.2	21.2	22.09076682	639
31-Aug-21	21.2	22.25	21.2	22.25	21.85095321	577
01-Sep-21	23.35	23.35	22	22.55	23.23734729	573
02-Sep-21	23.2	23.65	22.35	23.3	22.78248453	2101
03-Sep-21	23.3	23.3	22.45	23	22.62025316	79
06-Sep-21	22.15	23.75	22.15	22.25	22.33460076	1315
07-Sep-21	22.2	22.2	21.5	21.5	21.59482759	232
08-Sep-21	22.55	22.55	22.55	22.55	22.54954955	1110

09-Sep-21	22.15	23	22.15	23	22.16049383	810
13-Sep-21	24.15	24.15	22	23	22.82049336	2635
14-Sep-21	23	24.15	22.4	23.85	23.83380282	355
15-Sep-21	24.35	25	22.75	24.05	24.56776948	1874
16-Sep-21	25.25	25.25	24.05	24.05	25.20299501	601
17-Sep-21	24.05	25.25	23.1	25.2	24.67283019	2650
20-Sep-21	26	26.45	24.1	26.25	25.5880744	3656
21-Sep-21	25.05	27.55	25.05	25.6	26.57954545	2200
22-Sep-21	26.4	26.85	24.8	26.45	26.70978441	603
23-Sep-21	26.1	27.75	26.1	27.75	26.88888889	90
24-Sep-21	29.1	29.1	27.35	28.2	28.7125	240
27-Sep-21	29.1	29.6	26.85	29	28.56085919	838
28-Sep-21	30.45	30.45	28.05	29.2	29.28043855	1733
29-Sep-21	28.85	30.65	28.6	30.1	30.23483248	3313
30-Sep-21	31.4	31.6	31.4	31.6	31.48480663	724
01-Oct-21	33.15	33.15	30.5	30.9	31.51359786	2243
04-Oct-21	31.95	31.95	29.4	30.75	30.26280798	2557
05-Oct-21	30.55	31.6	29.35	30.75	30.43303571	672
06-Oct-21	30.2	31.65	29.5	29.6	30.24199288	1124
07-Oct-21	29.3	29.3	28.2	29.1	29.14516129	1488
08-Oct-21	30.4	30.4	27.7	28.85	29.9527897	466
11-Oct-21	29.8	29.95	27.5	29	29.44046365	949
12-Oct-21	29.75	29.75	27.6	29.2	28.95806452	1860
13-Oct-21	30.65	30.65	28.55	28.65	29.4644588	1238
14-Oct-21	28.55	30	27.5	28.25	28.30128205	156
18-Oct-21	29	29.65	27.7	29	29.40989103	1193
19-Oct-21	29.05	29.05	27.75	28.35	28.5972329	1301
20-Oct-21	29.75	29.75	28.05	28.55	29.02939375	1633
21-Oct-21	28.55	29.95	27.45	29.65	28.87878788	759
22-Oct-21	30.55	31	28.55	29.3	29.94980206	6315
25-Oct-21	29.9	30	28.2	28.25	28.82651072	1026
26-Oct-21	27.4	29.6	27.05	28.5	28.85218254	1008
27-Oct-21	29.9	29.9	28.2	29.2	29.0923149	2134
28-Oct-21	28.5	30.65	27.95	28.3	28.40625	32
29-Oct-21	28.3	28.3	27.4	27.55	28.27737226	411
01-Nov-21	27.85	28	27.85	28	27.90196078	51
02-Nov-21	28.05	28.05	28.05	28.05	28.03448276	29
03-Nov-21	28.1	28.5	28.1	28.15	28.33333333	12
08-Nov-21	29.5	29.5	27.05	29.5	29.42038217	157

09-Nov-21	28.3	30.9	28.3	30.9	30.60583942	137
10-Nov-21	32.4	32.4	29.5	31.3	30.92749462	1393
11-Nov-21	32.85	32.85	30	31.35	32.25113636	880
12-Nov-21	31.35	32.9	30	32.05	31.93082401	983
15-Nov-21	33.65	33.65	30.45	31.2	32.39423959	10902
16-Nov-21	32.7	32.7	29.7	30.65	30.6641968	3374
17-Nov-21	30.05	30.1	30.05	30.1	30	11
18-Nov-21	28.65	31.6	28.6	30.3	29.8450096	6252
22-Nov-21	31.8	31.8	29.7	31.8	31.44839255	591
23-Nov-21	30.3	33.35	30.3	33.35	33.04417178	815
24-Nov-21	35	35	35	35	35	181
25-Nov-21	36.75	36.75	33.25	36.75	35.2106087	5750
26-Nov-21	38.55	38.55	38.55	38.55	38.54791155	407
29-Nov-21	40.45	40.45	40.45	40.45	40.44842105	475
30-Nov-21	42.45	42.45	42.45	42.45	42.44941176	850
01-Dec-21	44.5	44.55	40.6	44.45	44.36669748	7573
02-Dec-21	46.5	46.65	46.4	46.65	46.51626898	3688
03-Dec-21	48.95	48.95	48.95	48.95	48.94954128	1744
06-Dec-21	51.35	51.35	51.35	51.35	51.34998002	2503
07-Dec-21	53.85	53.9	48.8	48.8	51.67907058	5724
08-Dec-21	46.4	48.8	46.4	46.4	46.40104393	2299
09-Dec-21	44.1	44.1	44.1	44.1	44.09401709	117
10-Dec-21	41.9	46.3	41.9	43.3	42.72364925	6774
13-Dec-21	45.45	45.45	41.15	41.4	42.26623522	4481
14-Dec-21	43.45	43.45	40.3	43.45	43.37096774	3596
15-Dec-21	45.55	45.6	42.05	42.95	43.8975175	3142
16-Dec-21	43.85	45	40.85	40.85	41.21342347	2071
17-Dec-21	38.85	38.85	38.85	38.85	38.85	920
20-Dec-21	39	39	36.95	36.95	37.01159115	949
21-Dec-21	35.15	35.15	35.15	35.15	35.15	340
22-Dec-21	33.4	33.4	33.4	33.4	33.39904421	837
23-Dec-21	32	34.95	31.9	34.25	33.10041015	6583
24-Dec-21	35.95	35.95	32.6	34.7	34.7961264	2943
27-Dec-21	35.5	36.4	33.5	36.4	36.34755678	1453
28-Dec-21	37.05	38.2	37.05	38.2	37.90769231	195
29-Dec-21	40.1	40.1	36.3	40.1	39.14679977	1703
30-Dec-21	42	42.1	42	42.1	42.05021216	1414
31-Dec-21	44.2	44.2	44.2	44.2	44.1969697	264
03-Jan-22	46.4	46.4	42	42.95	45.17188612	8430

04-Jan-22	44.95	44.95	40.85	40.85	41.64505948	4119
05-Jan-22	40.85	42.85	38.85	40.15	40.07141617	11524
06-Jan-22	41.8	41.8	39.1	39.55	40.35526639	4073
07-Jan-22	39.55	41.5	38.1	41.25	39.92033723	5812
10-Jan-22	40.15	42.8	39.75	40.25	40.4117266	6174
11-Jan-22	40.45	42.15	38.5	39.95	40.82265446	874
12-Jan-22	40.9	41.9	38.85	39.2	39.99931224	5816
13-Jan-22	37.85	41	37.25	37.3	38.28976608	3420
14-Jan-22	37.25	38.5	36	38	37.71707819	2916
17-Jan-22	39.5	39.5	38.05	38.5	38.78951817	1183
18-Jan-22	39.35	40.3	36.85	36.9	38.2212957	1559
19-Jan-22	36.9	38.7	36	37.4	37.89668022	2952
20-Jan-22	39.25	39.25	36.45	37.45	37.78625954	1441
21-Jan-22	35.6	39.3	35.6	39.3	38.33138352	3932
24-Jan-22	40.1	40.1	37.35	37.35	38.31518625	1745
25-Jan-22	35.5	39.2	35.5	39.15	38.51818438	3547
27-Jan-22	37.25	41	37.25	40.05	39.31288981	962
28-Jan-22	38.3	39.95	38.15	38.35	38.56715272	1303
31-Jan-22	39.95	40.2	37	40.15	39.93141289	729
01-Feb-22	42.15	42.15	38.7	39.3	41.56580494	1702
02-Feb-22	39.3	40.75	37.35	38.45	39.11504425	1356
03-Feb-22	40	40.35	38	38.05	39.06917885	5334
04-Feb-22	37.3	39.95	37.3	39.95	39.6798419	506
07-Feb-22	42	42	40	41.25	41.41917944	2023
08-Feb-22	37.5	42	37.5	38.3	38.25399812	1063
09-Feb-22	41.65	42	37.75	38.25	41.667107	757
10-Feb-22	42	42	38.1	41.85	40.9724026	2464
11-Feb-22	37.9	43.45	37.9	42.1	42.05278592	1023
14-Feb-22	38.35	42.05	38.35	38.95	39.9640492	1057
15-Feb-22	38.45	38.85	35.3	37.2	37.53164557	79
16-Feb-22	37.2	40	37.2	38	38.57407407	162
17-Feb-22	40.95	40.95	36.1	39.45	38.76903114	1156
18-Feb-22	36	41.85	36	37.2	37.68377483	1812
21-Feb-22	35	39.9	34.45	36.45	37.48798521	5410
22-Feb-22	39.95	39.95	34.5	34.95	35.07148407	2574
23-Feb-22	37.75	38.2	32.2	37.85	36.50985222	812
24-Feb-22	34.3	39.35	34.3	34.45	34.73510174	2752
25-Feb-22	31.2	36.9	31.2	35	34.48128958	1737
28-Feb-22	37.8	37.8	33.4	33.75	34.125	72

02-Mar-22	33.75	36.4	31.65	35.15	33.87044025	1590
03-Mar-22	35.85	36.95	32.8	36	36.00621118	161
04-Mar-22	36	36.95	34.35	34.35	36.79316239	585
07-Mar-22	36	36	31.15	32.2	32.48737327	5425
08-Mar-22	32.2	34.95	32.2	32.3	32.99731183	372
09-Mar-22	32.3	34.6	32	33.5	33.7089366	2003
10-Mar-22	35.9	35.9	31.1	33.9	34.2478355	924
11-Mar-22	34.6	35.8	31	33.75	34.60547945	365
14-Mar-22	34.45	36.8	32.7	33.95	34.458981	2316
15-Mar-22	35.15	35.15	32.2	32.4	34.78823529	85
16-Mar-22	34.9	35.5	31.15	32.55	34.83305397	2983
17-Mar-22	35.5	35.8	33.85	35.7	35.69482759	580
21-Mar-22	35.75	36.5	33.5	35.65	33.91961415	622
22-Mar-22	35.45	37.4	33.2	34.7	35.3803681	815
23-Mar-22	36	37.9	32.25	33.15	35.13647643	403
24-Mar-22	33.15	35.75	33	33.15	34.16643741	727
25-Mar-22	33	36.3	31.5	35.2	33.2606982	1776
28-Mar-22	35.9	38.7	35.9	36.5	37.69391518	3254
29-Mar-22	33	40.15	33	37.2	40.00366898	12265
30-Mar-22	37.2	40.9	36.6	38.1	39.25432099	1620
31-Mar-22	37.85	39.95	37.05	38.65	38.845	1200

❖ **Distribution of Shareholding as on March 31, 2022**

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	836	85.66	447550.00	0.30
5001 To 10,000	20	2.05	177600.00	0.12
10001 To 20,000	14	1.43	235560.00	0.16
20001 To 30,000	12	1.23	309780.00	0.21
30001 To 40,000	3	0.31	106520.00	0.07
40001 To 50,000	28	2.87	1375310.00	0.93
50001 To 1,00,000	23	2.36	1637280.00	1.11
1,00,000 and Above	40	4.10	143095650.00	97.09
Total	976	100.00	147385250.00	100.00

❖ Shareholding Pattern as on March 31, 2022

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

- ❖ 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.
- ❖ 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 the website of the Company i.e. www.sonalmercantile.in.

- ❖ **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 01st, 2022
Place: New Delhi

Vikram Goyal
Whole Time Director
DIN: 00381115

Rajan Goyal
Director
DIN: 02600825

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, 2022.

For Sonal Mercantile Limited

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

**Vikram Goyal
Whole Time Director
(DIN: 00381115)**

COMPLIANCE CERTIFICATE

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

DIRECTOR 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, 2022** 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 01st, 2022
Place: New Delhi

Rohit Saraogi
Chief Financial Officer

Vikram Goyal
Whole Time Director

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

I have reviewed the implementation of the Corporate Governance procedures by Sonal Mercantile Limited ('the Company') during the year ended March 31st 2022, 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, 2021 to March 31, 2022, 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.

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.

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.

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.

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 : 23-08-2022
UDIN: A035299D000831006

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,
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, 2022 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 or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Designation	Date of appointment in Company
1	Mr. Vikram Goyal	00381115	Wholetime Director	23-11-2018
2	Mr. Rajan Goyal	02600825	Director	23-11-2018
3	Mr. Deepak	07878217	Director	26-03-2019
4	Mrs. Rati Goswami	08765348	Director	20-06-2020
5	Mr. Pradeep Kumar	08862414	Director	08-09-2020
6	Mr. Munish Kumar Garg	08866982	Director	08-09-2020

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: 23-08-2022
UDIN: A035299D000830491

NITIN GUPTA
Company Secretary in whole time practice
Membership No.: A35299
CP. No.: 14087

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 2022, the statement of profit and loss, statement of changes in equity and cash flows statements for the year then ended, and notes to the standalone 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, 2022, 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 Standalone 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 standalone financial statements under the provisions of the Act and the rules thereunder, 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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
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1.	<p><u>Loans and advances: -</u></p> <p>Loans are to be disclosed at mortised 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>Our audit procedure inter- alia includes the following: -</p> <ol style="list-style-type: none">1. We evaluated the control environment including authorization, sanctioning and disbursement of significant loans advanced during the year.2. We evaluated the control environment of levying the processing fees on significant loans advanced by the company and its treatment in books of accounts in accordance with Ind AS 109.3. We have obtained external confirmations from third parties in respect of transactions and closing balance for significant loans advanced by the company. <p>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> <ol style="list-style-type: none">a) Hold impairment allowance as required by IND AS with due to consideration of existing prudential norms on IRACP on loan advanced.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.

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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 statements 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 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 applicable accounting standards 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

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to influence the economic decisions of users taken on the basis of these standalone 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 standalone 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 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 standalone 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 standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 standalone 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('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 standalone 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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 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).

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- (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.
- (iv)
 - (a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures that are considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
- (v) Dividend has not been declared or paid during the year by the company during the period covered by this report.
- h) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act.

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

O.P. Pareek
Partner
Membership No. 014238

UDIN - 22014238AJXZFZ5226

New Delhi, the 30th day of May, 2022

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 2022.

- (i) (a) (A) As per information and explanation given to us, the company is maintaining proper records showing full disclosure, including quantitative details and situation of Property, Plant and equipment;

(B) As per information and explanation given to us, the company does not have any intangible asset hence this point is not applicable;

(b) As per information and explanation given to us, Property, Plant and Equipment have been physically verified by the management at the reasonable intervals and there is no material discrepancies were noticed on such verification;

(c) According to the information and explanation given to us, title deeds of all the immovable properties (other than properties where the company is the lessee and lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company;

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year. Accordingly, provisions of sub clause (i)(d) of para 3 of the order are not applicable;

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any Benami Property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, provisions of sub clause (i)(e) of para 3 of the order are not applicable;
- (ii) (a) 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 (ii)(a) of para 3 of the order are not applicable;

(b) As per information and explanation given to us, the company does not have inventory hence sanctioning of working capital exposure against inventories is not applicable to the company. Accordingly, provisions of sub clause (ii)(b) of para 3 of the order are not applicable;
- (iii) As per information and explanation given to us, the companies has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnership or any other parties;
 - (a) As company is Non-banking financial company hence the provisions of sub clause (iii)(a)(A) and (iii)(a)(B) of para 3 of the order are not applicable;
 - (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are, prima facie, not prejudicial to the interest of the Company;

V.N. PUROHIT & CO.

Chartered Accountants

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular;
 - (d) According to the information and explanations provided to us and on certain records there are loans overdue amount for more than ninety days in respect of loans given;
 - (e) As per information and explanation to us, as the said company is Non-Banking Financial company hence the provision of sub clauses (iii)(e) of the para 3 of the order are not applicable;
 - (f) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans repayable on demand or without specifying any terms or period of repayment during the year. No such amount of loans has been granted to promoters, related parties as defined in clause 76 of section 2 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 thereunder are not applicable;
- (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 the information and explanations given to us, there is no amount payable in respect statutory dues referred to in sub- clause (a) above, which has been deposited on account of dispute;
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year;
- (ix) (a) 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;
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority;
- (c) According to the information and explanations given to us by the management, the Company has obtained term loans and they are utilised for the purpose for which they are obtained;
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short

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term basis are not utilised for long term purpose have been raised on short-term basis by the Company. Accordingly, provisions of clause (ix)(d) of para 3 of the order are not applicable;

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

(f) According to the information and explanations given to us on an overall examination of the financial statements of the Company, we report that the Company has not raised any money against pledge of securities held in its subsidiaries, associates or joint ventures;

- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the period covered by this report. Accordingly, provision of sub clause (x)(a) of the para 3 of the order are not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provision of sub clause (x)(b) of para 3 of the order are not applicable;

- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit;

(b) No report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

(c) According to the Information and explanations given to us, there is no whistle blower compliant received during the period covered by this report;

- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly provision of sub clause (xii)(a),(b) and (c) of the para 3 of the order are not applicable;

- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards;

- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business;

(b) We have considered the internal audit reports of the Company issued till date for the period under audit;

- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company;

V.N. PUROHIT & CO.

Chartered Accountants

- (xvi) (a) 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;
- (b) According to information and explanations given to us, the Company has conducted Non- Banking Financial activities with a valid certificate from Reserve Bank of India as per the Reserve Bank of India Act, 1934;
- (c) According to information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, provision of sub clause (xvi)(c) of para 3 of the order are not applicable;
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, provision of sub clause (xvi)(d) of para 3 of the order are not applicable;
- (xvii) As per the examination of the financial statement, the Company has not incurred any cash losses during the year covered by this report and in the immediately preceeding year;
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly provisions of clause 3(xviii) of para 3 of the order are not applicable;
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
- (xx) (a) According to the information and explanations given to us, the Company has no CSR project other than ongoing project. Hence, the requirement to transfer unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act does not arise; and
- (b) According to the information and explanations given to us, the Company has transferred the unspent amount under sub-section (5) of section 135 of the Companies Act, pursuant to ongoing project, to special account in compliance with the provision of sub-section (6) of section 135 of the said Act;
- (xxi) In our opinion and according to the information and explanations given to us, the statutory auditors of the entities/ companies included in the consolidated financial statements have not issued their report on Companies Auditor Report Order (CARO) till the date of signing this report.

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

O.P. Pareek

Partner

Membership No. 014238

UDIN: - 22014238AJXZFZ5226

New Delhi, the 30th day of May, 2022

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 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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 2022, 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".

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.

V.N. PUROHIT & CO.

Chartered Accountants

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.

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.

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

O.P. Pareek

Partner

Membership No. 014238

UDIN: - 22014238AJXZF5226

New Delhi, the 30th day of May, 2022

SONAL MERCANTILE LIMITED
CIN: L51221DL1985PLC022433
STANDALONE BALANCE SHEET AS AT 31ST MARCH 2022

(Rs. in '000)

Particulars	Notes	As at 31st March 2022	As at 31st March 2021
ASSETS			
Financial assets			
(a) Cash and cash equivalents	3	227.89	102.07
(b) Loans	4	2,013,906	1,831,129
(c) Investments	5	78,279.52	78,178.70
(d) Other financial assets	6	45.00	25.00
		<u>2,092,458.88</u>	<u>1,909,434.51</u>
Non-financial assets			
(a) Current tax assets (net)		369.06	6,793.41
(b) Deferred tax Assets (net)	7	135.53	164.67
(c) Property, plant & equipment	8	3.50	4.33
(d) Other non-financial assets	9	13,850.18	16,105.00
		<u>14,358.27</u>	<u>23,067.41</u>
Total Assets		<u>2,106,817.15</u>	<u>1,932,501.92</u>
LIABILITIES AND EQUITY			
Financial liabilities			
(a) Borrowings (other than debt securities)	10	1,586,113.90	1,375,284.12
(b) Other financial liabilities	11	132,132.69	229,023.94
		<u>1,718,246.59</u>	<u>1,604,308.06</u>
Non-financial liabilities			
(a) Other non financial liabilities	12	34,403.25	34,936.99
		<u>34,403.25</u>	<u>34,936.99</u>
EQUITY			
(a) Equity share capital	13	147,385.25	147,385.25
(b) Other equity	14	206,782.06	145,871.62
		<u>354,167.31</u>	<u>293,256.87</u>
Total Liabilities and Equity		<u>2,106,817.15</u>	<u>1,932,501.92</u>

Notes to the Standalone financial statements 1-37

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: 22014238AJXZFZ5226
New Delhi, 30th day of May 2022

Vikram Goyal
Director
DIN: 00381115
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rajan Goyal
Director
DIN: 02600825
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rohit Saraogi
CFO
PAN: BVCPS4684L

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2022

(Rs. in '000)

Particulars	Notes	For the year ended on 31st March 2022	For the year ended on 31st March 2021
REVENUE			
Revenue from operations			
(i) - Interest income on loans		208,446.43	185,050.52
(I) Total revenue from operations		<u>208,446.43</u>	<u>185,050.52</u>
(II) Other income	16	660.66	11.27
(III) Total Income (I+II)		<u>209,107.09</u>	<u>185,061.79</u>
EXPENSES			
(i) Finance costs	17	120,610.98	114,617.69
(ii) Impairment of Financial instrument	18	856.45	582.67
(iii) Employee benefit expenses	19	3,891.84	6,690.33
(iv) Depreciation, amortisation & impairment	8	0.83	1.51
(v) Other expenses	20	1,896.53	1,189.00
(IV) Total Expenses		<u>127,257</u>	<u>123,081</u>
(V) Profit before tax (III-IV)		81,850.46	61,980.59
(VI) Tax Expense			
Current tax		(20,910.88)	(15,718.01)
Deferred tax		(29.14)	(29.75)
(VII) Profit/ (loss) after tax (V-VI)		<u>60,910.44</u>	<u>46,232.83</u>
Total Other Comprehensive Income (VIII)		-	-
Total Comprehensive Income (VII+VIII)		<u>60,910.44</u>	<u>46,232.83</u>
Earning per equity share (EPS) [nominal value of share Rs. 10]			
Basic (Amount in Rs.)		4.13	3.14
Diluted (Amount in Rs.)		4.13	3.14

Notes to the Standalone financial statements 1-37

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: 22014238AJXZFZ5226
New Delhi, 30th day of May 2022

Vikram Goyal
Director
DIN: 00381115
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Rohini, New Delhi - 110085

Rajan Goyal
Director
DIN: 02600825
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rohit Saraogi
CFO
PAN: BVCP54684L

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2022

(Rs. in '000)

Particulars	For the year ended on 31st March 2022	For the year ended on 31st March 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/ (loss) before tax and after extra- ordinary items	81,850.45	62,563.25
<u>Adjustments for items: -</u>		
Depreciation, amortisation & impairment	0.83	1.51
Operating Profit before working capital changes	81,851.28	62,564.76
<u>Working capital adjustments: -</u>		
(Increase)/ decrease in loans	(182,777.73)	(233,067.73)
(Increase)/ decrease in other financial assets	(20.00)	-
(Increase)/ decrease in other non financial assets	2,254.82	1,976.38
Increase/ (decrease) in other financial liabilities	(96,891.25)	160,937.43
Increase/ (decrease) in other non-financial liabilities	(533.74)	25,834.94
Cash generated from operations	(196,116.62)	18,245.78
Direct Taxes Paid	(14,486.52)	(13,475.52)
Net cash flow from operating activities (A)	(210,603.14)	4,770.26
CASH FLOW FROM INVESTING ACTIVITIES		
Sale/ (Purchase) of investments	(100.82)	(39,519.00)
Net cash flow from investing activities (B)	(100.82)	(39,519.00)
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from borrowings	210,829.78	33,533.88
Net cash flow from financing activities (C)	210,829.78	33,533.88
Net cash flow during the year (A + B + C)	125.82	(1,214.85)
Add: Opening cash and cash equivalents	102.07	1,316.92
Closing cash and cash equivalents	227.89	102.07
Components of cash and cash equivalents		
Cash on hand	120.13	4.31
Balance with banks in current accounts	107.76	97.76
Total cash and cash equivalents (Note 3)	227.89	102.07

Notes to the Standalone financial statements 1-37

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: 22014238AJXZFZ5226
New Delhi, 30th day of May 2022

Vikram Goyal Director DIN: 00381115 A-7/2, Shivaji Apartments Rohini, New Delhi - 110085	Rajan Goyal Director DIN: 02600825 A-7/2, Shivaji Apartments Rohini, New Delhi - 110085
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Rohit Saraogi
CFO
PAN: BVCPS4684L

SONAL MERCANTILE LIMITED
CIN: L51221DL1985PLC022433
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31ST MARCH 2022

Equity Share Capital

I. For the year ended 31st March 2022

Balance at the 1st April, 2021	Change in equity share capital due to prior period errors	Restated balance at the 01st April, 2021	Changes in equity share capital during the year	Balance at the 31st March, 2022
147,385.25	-	-	-	147,385.25

II. For the year ended 31st March 2021

Balance at the 1st April, 2020	Change in equity share capital due to prior period errors	Restated balance at the 01st April, 2020	Changes in equity share capital during the year	Balance at the 31st March, 2021
147,385.25	-	-	-	147,385.25

Other Equity

I. For the year ended 31st March 2022

Particulars	Reserve & Surplus			Total
	Statutory Reserve (U/s 45-IC of the RBI Act, 1934)	Retained earnings	Share Premium	
Balances as at 1st April 2021	15,141.57	58,200.30	72,529.75	145,871.62
Changes in accounting policy or prior period error	-	-	-	-
Restated balance as at 1st April 2021	15,141.57	58,200.30	72,529.75	145,871.62
Total comprehensive income	-	60,910.44	-	60,910.44
Appropriation to statutory reserves	12,182.09	(12,182.09)	-	-
Balance as at 31st March 2022	27,323.66	106,928.65	72,529.75	206,782.06

II. For the year ended 31st March 2021

Particulars	Reserve & Surplus			Total
	Statutory Reserve (U/s 45-IC of the RBI Act, 1934)	Retained Earnings	Share Premium	
Balances as at 1st April 2020	6,109.72	20,999.33	72,529.75	99,638.80
Changes in accounting policy or prior period error	-	-	-	-
Restated balance as at 1st April 2020	6,109.72	20,999.33	72,529.75	99,638.80
Total comprehensive income	-	46,232.82	-	46,232.82
Appropriation to statutory reserves	9,031.85	(9,031.85)	-	-
Balance as at 31st March 2021	15,141.57	58,200.30	72,529.75	145,871.62

Notes to the Standalone financial statements

1-37

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: 22014238AJXZF5226
New Delhi, 30th day of May 2022

Vikram Goyal
Director
DIN: 00381115
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Rohini, New Delhi - 110085

Rajan Goyal
Director
DIN: 02600825
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rohit Saraogi
CFO
PAN: BVCP54684L

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022**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:**2.1 Statement of Compliance:**

The 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.

2.2 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. However certain financial assets and liabilities are measured at fair value in compliances with IND-AS.

2.3 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.

2.4 Critical accounting estimates:**2.4.1 Income Taxes:**

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

2.4.2 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.

2.4.3 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.

2.4.4 Effective Interest Rate (EIR) Method:

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, restructuring and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments and other fee income/expense that are integral parts of the instrument.

2.5 Property, plant and equipment (PPE):

PPE 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 PPE, 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 PPE	Useful life (in years)
Furniture & fixtures	10
Vehicles	8
Office equipment	5
Computers	3

An item of PPE 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 PPE 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.

2.6 Revenue recognition:

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

2.6.1 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.

2.6.2 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.

2.6.3 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.

2.7 Financial Instruments:**2.7.1 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.

2.7.2 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.

2.7.3 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.

2.7.4 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.

2.7.5 Expected Credit Loss (ECL): -

Financial assets where no significant increase in credit risk has been observed are considered to be in 'Stage 1' and for which a 12-month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'Stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'Stage 3'. Lifetime ECL is recognised for the financial assets categorised under 'Stage 2' and 'Stage 3'.

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At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months. In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('Lifetime ECL'). Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

2.8 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.

2.9 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 off-setting 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.

2.10 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 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.

2.11 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.

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(Rs. in '000')

3	Cash and cash equivalents	As at 31st March 2022	As at 31st March 2021
	Cash on hand (as certified)	120.13	4.31
	Balances with banks	107.76	97.76
		227.89	102.07
4	Loans	As at 31st March 2022	As at 31st March 2021
	<u>In India (at amortised cost)</u>		
	(A)		
	(i) Loans repayable on demand	-	701.10
	(ii) Term loan	2,019,352.21	1,835,016.93
	Total (A)- Gross	2,019,352.21	1,835,718.03
	Less: Impairment loss allowance	(5,445.74)	(4,589.30)
	Total (A)-Net	2,013,906.47	1,831,128.73
	(B)		
	(i) Secured by tangible assets	-	-
	(ii) Secured by intangible assets	-	-
	(iii) Unsecured	2,019,352.21	1,835,718.04
	Total (B)- Gross	2,019,352.21	1,835,718.04
	Less: Impairment loss allowance	(5,445.74)	(4,589.30)
	Total (B)-Net	2,013,906.47	1,831,128.74
	(C)		
	(I) Loans in India	-	-
	(ii) Public sector	-	-
	(iii) Others	2,019,352.21	1,835,718.04
	Total (C)- Gross	2,019,352.21	1,835,718.04
	Less: Impairment loss allowance	(5,445.74)	(4,589.30)
	Total (C)- Net	2,013,906.47	1,831,128.74
	(II) Loans outside India	-	-
	Less: Impairment loss allowance	-	-
	Total (C) (II) - Net	-	-
	Total Net (C) (II) and (III)	2,013,906.47	1,831,128.74

4.1 Additional disclosure in respect of loans and advances:-

Type of Borrower	As at 31st March 2022		As at 31st March 2021	
	Amount of loan or advance in the nature of loan outstanding	% to the total loans and advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	% to the total loans and advances in the nature of loans
Loans and advances granted to promoters, directors, KMPs and other related parties that are (a) repayable on demand; or (b) without specifying any terms or period of repayment	Nil	Nil	Nil	Nil

5	Investments	As at 31st March 2022	As at 31st March 2021
	<u>Equity Instruments- In India</u>		
	Associate (at Cost)	250.00	250.00
	<u>Investment Property (at Cost)</u>		
	Opening Balance	77,928.71	38,409.70
	Add: Additions during the year	100.81	39,519.00
	Closing Balance	78,029.52	77,928.70
		78,279.52	78,178.70
6	Other financial assets	As at 31st March 2022	As at 31st March 2021
	Security deposits	45.00	25.00
		45.00	25.00
7	Deferred tax assets (net)	As at 31st March 2022	As at 31st March 2021
	At start of the year	164.67	194.42
	Credit/ (charge) to statement of profit and loss	(29.14)	(29.75)
	At end of the year	135.53	164.67

7.1 Deferred tax asset 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 utilised.

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(Rs. in '000')

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

Timing difference on account of :	For the year ended on 31st March 2022			
	Opening balance	Recognised in statement of profit and loss	Recognised in OCI	Closing balance
Property, plant & equipment	164.67	(29.14)	-	135.54
Total	164.67	(29.14)	-	135.54

Timing difference on account of :	For the year ended on 31st March 2021			
	Opening balance	Recognised in statement of profit and loss	Recognised in OCI	Closing balance
Property, plant & equipments	194.42	(29.75)	-	164.67
Total	194.42	(29.75)	-	164.67

8 Property, plant & equipment

	As at 31st March 2022	As at 31st March 2021
<u>Carrying amount:</u> -		
Office equipment	1.02	1.85
Furniture & fixtures	0.70	0.70
Computers	1.78	1.78
	3.50	4.33

	Office equipment	Furniture & fixtures	Computers	Total
<u>Cost or Deemed Cost:</u> -				
Balance as at 1st April, 2020	5.29	14.00	35.60	54.89
Additions during the year	-	-	-	-
Asset disposed/ written off during the year	-	-	-	-
Balance as at 31st March, 2021	5.29	14.00	35.60	54.89
Additions during the year	-	-	-	-
Asset disposed/ written off during the year	-	-	-	-
Balance as at 31st March, 2022	5.29	14.00	35.60	54.89

<u>Accumulated depreciation:</u> -				
Balance as at 1st April, 2020	1.93	13.30	33.82	49.05
Charge for the year	1.51	-	-	1.51
Adjusted on assets disposed/ written off	-	-	-	-
Balance as at 31st March, 2021	3.44	13.30	33.82	50.56
Charge for the year	0.83	-	-	0.83
Adjusted on assets disposed/ written off	-	-	-	-
Balance as at 31st March, 2022	4.27	13.30	33.82	51.39

<u>Carrying amount:</u> -				
Balance as at 31st March, 2021	1.85	0.70	1.78	4.33
Balance as at 31st March, 2022	1.02	0.70	1.78	3.50

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

8.2 The company has not made any of change (10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) in the value of Property, Plant & Equipments due to revaluation.

9 Other non-financial assets

	As at 31st March 2022	As at 31st March 2021
Advances for purchase of properties	13,535.18	15,790.00
Balance held by authorities (Note 9.1)	315.00	315.00
	13,850.18	16,105.00

9.1 A sum of Rs. 315.00 thousands held as Cash which is related to the Company had been seized by the Income tax Department on 11th Feb 2021 pursuant to search conducted at Director's residence.

10 Borrowings (other than debt securities)

	As at 31st March 2022	As at 31st March 2021
<u>Borrowings in India (unsecured)</u>		
<u>(Measured at Amortised cost)</u>		
Loans from related parties	365,990.11	1,008,681.86
Loan from others	1,220,123.79	366,602.26
	1,586,113.90	1,375,284.12

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	(Rs. in '000')
	As at
11 Other financial liabilities	31st March 2022
Payable against expenses	703.07
Advance against joint development agreement	131,000.00
Advance against sale of investments	-
Cheques Overdrawn	429.62
	<u>132,132.69</u>
	<u>229,023.94</u>

	As at	As at
12 Other non financial liabilities	31st March 2022	31st March 2021
Payable to government authorities	34,403.25	34,936.99
	<u>34,403.25</u>	<u>34,936.99</u>

13 Equity share capital	As at 31st March 2022	As at 31st March 2021
	Nos.	Nos.
Authorized shares	(Rs. In'000')	(Rs. In'000')
Equity shares of Rs. 10 each with voting rights	15,000,000	15,000,000
	150,000.00	150,000.00
Issued, subscribed and fully paid- up shares	15,000,000	15,000,000
Equity shares of Rs. 10 each with voting rights fully paid	14,738,525	14,738,525
	147,385.25	147,385.25
	<u>14,738,525</u>	<u>14,738,525</u>

13.1 Reconciliation of number of equity shares and amount outstanding

	As at 31st March 2022	As at 31st March 2021
	Nos.	Nos.
Equity Shares	(Rs. In'000')	(Rs. In'000')
- At the beginning of the period	14,738,525	14,738,525
- Issued during the year	-	-
Total outstanding at the end of the period	<u>14,738,525</u>	<u>14,738,525</u>

13.2 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.

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

	As at 31st March 2022	As at 31st March 2021
	Nos.	Nos.
	% holding	% holding
Rudraveerya Developers Limited	3,645,135	3,632,610
	24.73%	24.65%
Ram Gopal Goyal & Sons LLP	3,672,396	3,672,396
	24.92%	24.92%
Orion infradevelopers Private Limited	1,320,086	1,316,757
	8.96%	8.93%
Orion Propmart Private Limited	1,520,107	1,517,926
	10.31%	10.30%

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

13.4 Details of shares held by promoters in the Company

Promoter Name	31st March 2022		31st March 2021		% Change during the year
	No of Shares	% of total Shares	No of Shares	% of total Shares	
Ram Gopal Goyal & Sons LLP	3,672,396	24.92%	3,672,396	24.92%	0%

13.5 There is no change in promoters shareholding during the period ended March 31,2022 and March 31,2021
14 Other equity

	As at	As at
	31st March 2022	31st March 2021
<u>Special Reserve (u/s 45IC of RBI Act, 1934)</u>		
Balance as per last financial statements	15,141.57	6,109.72
Add: Transfer from surplus	12,182.09	9,031.85
Closing balance	<u>27,323.66</u>	<u>15,141.57</u>
<u>Retained Earnings</u>		
Balance as per last financial statements	58,200.30	20,999.33
Add/(Less): Profit/(loss) for the year	60,910.44	46,232.82
Less: Transfer to Special Reserve u/s 45-IC of RBI Act	(12,182.09)	(9,031.85)
Net surplus in statement of profit and loss	<u>106,928.65</u>	<u>58,200.30</u>
<u>Share premium</u>		
Opening balance	72,529.75	72,529.75
Addition/ (deletion) during the year	-	-
Closing balance	<u>72,529.75</u>	<u>72,529.75</u>
	<u>206,782.06</u>	<u>145,871.62</u>

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(Rs. in '000')

	For the year ended 31st March 2022	For the year ended 31st March 2021
15 Revenue from operations		
<u>On financial assets measured at amortised cost:</u>		
- Interest income on loans	208,446.43	185,050.52
	<u>208,446.43</u>	<u>185,050.52</u>
16 Other income		
<u>For the year ended</u>	<u>31st March 2022</u>	<u>31st March 2021</u>
Interest on income tax refund	660.66	11.27
	<u>660.66</u>	<u>11.27</u>
17 Finance cost		
<u>For the year ended</u>	<u>31st March 2022</u>	<u>31st March 2021</u>
<u>On financial liabilities measured at amortised cost:</u>		
- Interest on borrowings	120,610.98	114,617.69
	<u>120,610.98</u>	<u>114,617.69</u>
18 Impairment of Financial instrument		
<u>For the year ended</u>	<u>31st March 2022</u>	<u>31st March 2021</u>
Loans (at amortised cost)	856.45	582.67
	<u>856.45</u>	<u>582.67</u>
19 Employee benefit expenses		
<u>For the year ended</u>	<u>31st March 2022</u>	<u>31st March 2021</u>
Salaries and allowances	3,869.02	6,669.95
Staff welfare expenses	22.82	20.38
	<u>3,891.84</u>	<u>6,690.33</u>
20 Other expenses		
<u>For the year ended</u>	<u>31st March 2022</u>	<u>31st March 2021</u>
Advertisement & publication expenses	89.59	84.01
Annual custodial fee	106.20	110.17
Bank charges	0.15	2.98
Books & periodicals	20.51	12.83
Business promotion	24.81	14.78
BSE listing fees	354.00	354.00
Conveyance expenses	21.05	14.47
Electricity charges	23.70	23.48
Interest on late payment of TDS	473.13	-
Late filing fees & penalty	234.82	0.19
Rent	150.00	156.25
ROC filing fees	41.30	-
Payment to statutory auditors		
towards audit fees	60.00	47.20
towards certification	35.52	21.50
Postage & courier	3.25	4.96
Printing and stationery	19.84	18.82
Professional charges	75.20	210.95
Membership fees	29.50	5.90
Miscellaneous expenses	42.80	23.13
RTA expenses	74.96	64.18
Telephone & mobile expenses	8.18	8.77
Website Expenses	8.02	10.43
	<u>1,896.53</u>	<u>1,189.00</u>

21 Related parties: -

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

21.1 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)
		Kush Mishra (Past Company Secretary)
		Prabhjeet Kaur (Company Secretary)
(iii)	Relatives of Key Management Personnel	None
(iv)	Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives	None

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

S. No.	Transaction with	Nature of transaction	Transactions during the year	
			31st March 2022	31st March 2021
(i)	Associate Company: -			
	Rudraveerya Developers Ltd	Loan Received	62,007.67	199,753.69
		Loan repaid	608,964.00	312,350.00
		Finance Cost	54,904.54	82,797.48
(ii)	Key Management Personnel: -			
	Rohit Saraogi	Remuneration	630.00	600.00
	Prabhjeet Kaur	Remuneration	287.35	Nil
	Kush Mishra (Past Company Secretary)	Remuneration	Nil	165.95
(iii)	Relatives of Key Management Personnel: - None			

(Rs. In '000')

S. No.	Transaction with	Nature of transaction	Balance as at	
			31st March 2022	31st March 2021
(i)	Associate Company: -			
	Rudraveerya Developers Ltd	Borrowings	325,341.02	872,297.35
		Interest Payable	40,649.09	243.29
(ii)	Key Management Personnel: -			
	Rohit Saraogi	Remuneration Payable	47.87	95.75
	Prabhjeet Kaur	Remuneration Payable	34.91	Nil
(iii)	Relatives of Key Management Personnel: - None			

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

23	Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
	Foreign currency earnings, expenditures and outgo	Nil	Nil

24	Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
	Contingent liabilities not provided for	Nil	Nil
	Pending litigations by/ against the Company	None	None

25 Categories of Financial Instruments and its fair value measurement

Financial assets	As at 31st March 2022	As at 31st March 2021
Measured at amortised cost		
(i) Trade receivables	-	-
(ii) Cash and Bank balance	227.89	102.07
(iii) Loans	2,013,906.47	1,831,128.74
(iv) Other financial assets	45.00	25.00
Measured at Cost		
(i) Investment in Associate	250.00	250.00
(ii) Investment in Property	78,029.52	77,928.70
Total	2,092,458.88	1,909,434.51
Financial liabilities	As at 31st March 2022	As at 31st March 2021
Measured at amortised cost		
(i) Borrowings	1,586,113.90	1,375,284.12
(ii) Other financial liabilities	132,132.69	229,023.94
Total	1,718,246.59	1,604,308.06

26 Ratio Analysis and its components

S.No.	Particulars	31st March 2022	31st March 2021	% change from March 31, 2021 to March 31, 2022
1	Current ratio	1.218	1.193	2.07%
2	Debt- Equity Ratio	4.478	4.716	-5.04%
3	Debt Service Coverage Ratio	1.686	1.546	9.05%
4	Return on Equity Ratio	0.188	0.171	9.94%
5	Inventory Turnover Ratio	N.A.	N.A.	N.A.

(Rs. in '000)

6	Trade Receivable Turnover Ratio	N.A.	N.A.	N.A.
7	Trade Payable Turnover Ratio	N.A.	N.A.	N.A.
8	Net Capital Turnover Ratio	0.557	0.597	-6.77%
9	Net Profit Ratio	0.292	0.250	16.96%
10	Return on Capital Employed	0.042	0.037	13.56%
11	Return on Investment	-	-	0.00%
12	Capital to risk -weighted asset ratio (CRAR)	0.168	0.151	10.81%
13	Tier I CRAR	0.17	0.15	10.79%
14	Tier II CRAR	-	-	0.00%
15	Liquidity Coverage Ratio	0.017	0.040	-56.49%

Reasons for variance of more than 25% in above ratios

(a) Liquidity Coverage Ratio has decreased due to increase in Net cash inflows during the year ended on 31st March 2022 as compared to previous year.

Components of Ratio

(In '000's)

S.No.	Ratios	Numerator	Denominator	31st March 2022		31st March 2021	
				Numerator	Denominator	Numerator	Denominator
1	Current ratio	Current Assets	Current Liabilities	2,092,459.00	1,718,247.00	1,914,024.00	1,604,309.00
2	Debt- Equity Ratio	Total Debts (Total Liabilities)	Total Equity(Equity Share capital+Other equity)	1,586,114.00	354,167.00	1,375,285.00	291,600.00
3	Debt Service Coverage Ratio	Earnings available for debt service (Net profit before exceptional Items & tax expense + depreciation & amortization + Finance cost + Non cash operating items + other adjustment)	Finance cost + principle repayment of long term borrowings during the period/year	203,318.00	120,611.00	177,183.00	114,618.00
4	Return on Equity Ratio	Net profit after tax-Exceptional items	Average Total Equity [(Opening Equity Share capital + Opening Other equity + Closing Equity Share Capital + Closing Other Equity)/2]	60,910.44	323,712.09	46,232.83	270,140.46
5	Inventory Turnover Ratio	Revenue from sales of products	Average Inventory [(opening balance + closing balance)/2]	208,446.00	-	185,051.00	-
6	Trade Receivable Turnover Ratio	Revenue from operations	Average trade receivable [(Opening balance + closing balance)/2]	208,446.00	-	185,051.00	-
7	Trade Payable Turnover Ratio	Revenue from operations	Average trade payable [(Opening balance + closing balance)/2]	208,446.00	-	185,051.00	-
8	Net Capital Turnover Ratio	Revenue from operations	Working capital (Current asset-current liabilities)	208,446.00	374,212.00	185,051.00	309,715.00
9	Net Profit Ratio	Net profit after tax-Exceptional items	Revenue from operations	60,910.44	208,446.43	46,232.83	185,050.52
10	Return on Capital Employed	Profit Before Interest,Tax & Exceptional item	Total Equity + Total Debts (including preference share liability)	81,850.46	1,940,281.21	61,980.59	1,668,540.99
11	Return on Investment	Interest Income on fixed deposits + Profit on sale of investments + Income of investment - impairment on value of investment	Current investments + Non current Investments + Fixed deposits with bank	-	78,279.52	-	78,178.70
12	Capital to risk -weighted asset ratio (CRAR)	Tier I Capital + Tier II Capital - Investment in subsidiaries	Risk Weighted Assets	353,917.31	2,108,410.70	293,006.87	1,934,189.65
13	Tier I CRAR	Tier I	Risk Weighted Assets	354,167.31	2,108,410.70	293,256.87	1,934,189.65
14	Tier II CRAR	Tier II	Risk Weighted Assets	-	2,108,410.70	-	1,934,189.65
15	Liquidity Coverage Ratio	Highly qualified Liquid	Net Cash outflow	227.89	13,185.82	102.06	2,569.60

27 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Market risk
 - (a) Interest rate risk;
- (ii) Credit risk and ;
- (iii) Liquidity risk

Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk . The Company's primary risk management focus is to minimize potential adverse effects of risks on its financial performance. The Company's risk management assessment policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management of these policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee are responsible for overseeing these policies and processes.

(i) Market risk

Market risk is the risk of changes in the market prices on account of foreign exchange rates, interest rates and Commodity prices, which shall affect the Company's income or the value of its holdings of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the returns.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates to borrowings from banks and others.

For details of the Company's short-term and long term loans and borrowings refer Note No. 10.

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by amounts shown below. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date.

Impact on Profit/(loss) before tax	For the year ended 31st March 2021		For the year ended 31st March 2022	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
On account of Variable Rate on Loans and advances given	18,311.29	(18,311.29)	20,139.06	(20,139.06)
On account of Variable Rate on borrowing	(13,752.84)	13,752.84	(15,861.14)	15,861.14
Net impact on profitability	4,558.45	(4,558.45)	4,277.93	(4,277.93)

(ii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customer. The Company establishes an allowance for doubtful debts, impairment and expected credit loss that represents its estimate of allowance for doubtful debts, impairment and expected credit loss that represents its estimate on expected credit loss model.

(a) Cash and cash equivalents

The Company holds cash and cash equivalents with credit worthy banks of Rs. 227,893. The credit worthiness of such banks is evaluated by the management on an on-going basis and is considered to be good.

(b) Investment

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties apart from those already given in financials, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has been taking measures to ensure that the Company's cash flow from business borrowing is sufficient to meet the cash requirements for the Company's operations. The Company managing its liquidity needs by monitoring forecasted cash inflows and out flows in day today business. Liquidity needs are monitored on various time bands, on a day today and week to week basis, as well as on the basis of a rolling 30 day projections. Net cash requirements are compared to available working capital facilities in order to determine head room or any shortfalls. Presently company's objective is to maintain sufficient cash to meet its operational liquidity requirements.

The below table summaries the maturity profile of the Company's financial liability

Particulars	Carrying Amount	Contractual cash outflow				
		Total	1 year or less	1-2 year	2-5 years	> 5 years
As at March 31, 2022						
Unsecured borrowings	1,586,113.90	1,586,113.90	1,586,113.90	-	-	-
Other financial liabilities	132,132.69	132,132.69	132,132.69	-	-	-

Particulars	Carrying Amount	Contractual cash outflow				
		Total	1 year or less	1-2 year	2-5 years	> 5 years
As at March 31, 2021						
Unsecured borrowings	1,375,284.12	1,375,284.12	1,375,284.12	-	-	-
Other financial liabilities	229,023.94	229,023.94	229,023.94	-	-	-

- 28 The standalone financial statements were approved for issue by the Board of Directors on 30th day of May, 2022.
- 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 Company has not experienced any significant impact due to Covid-19 and as such on its liquidity position; the Company continues to be well geared to meet its funding needs. The Management believes that there will not be significant impact of this outbreak in continuing its business operations, in maintaining its financial position and in its ability to continue as a going concern. The Company shall also continue to closely monitor any material changes arising of future economic conditions and potential impact on its business.
- 32 The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

33 Corporate Social Responsibility (CSR): -

33.1 Brief Outline on CSR Policy of the Company: -

The Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. The Company's objective is to pro-actively support meaningful socio-economic development. Pursuant to provisions of Section 135 of the Companies Act, 2013, the Company has formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.sonalmercantile.in.

33.2 Disclosure about CSR Expenditure: -

(Rs. in '000)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Amount required to be spent during the year	656.83	Not Applicable
Amount of CSR expenditure incurred during the year	-	Not Applicable
Excess/ (Shortfall) at the end of the year	(656.83)	Not Applicable

(Rs. in '000)

Total of previous year's shortfall	-	Not Applicable
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33.3 Reason of shortfall: -

The Company has not spent the CSR amount during the year ended on 31st March 2022. The Board has been seeking a suitable project which is related to ongoing project pertains to Poverty, Poor Eradication, Health, Social empowerment as the CSR provisions became firstly applicable to the Company in the current year. However, Company has transferred the unspent money to a separate Unspent CSR Bank Account and will spent the same in due course as per the applicable provisions of the Companies Act, 2013.

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

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

36 Figures in brackets indicate negative (-) figures.

37 The company does not have transactions with the companies struck off under section 248 of Companies Act ,2013.

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
UDIN: 22014238AJXZFZ5226
New Delhi, the 30th day of May, 2022

Vikram Goyal
Director
DIN: 00381115
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rajan Goyal
Director
DIN: 02600825
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rohit Saraogi
CFO
PAN: BVCP54684L

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 2022, 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, 2022, 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 Institute of Chartered Accountants of India (ICAI) together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the rules thereunder, 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>Compliance of RBI directions and circulars:</u>	Our audit procedure inter- alia includes the following: -

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	<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>We have reviewed the conditions for prudential norms prescribed by the RBI including: -</p> <ul style="list-style-type: none">a) Hold impairment allowance as required by IND AS with due to consideration of existing prudential norms on IRACP on loan advanced.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.
2.	<p><u>Loans and advances: -</u></p> <p>Loans 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>Our audit procedure inter- alia includes the following: -</p> <ul style="list-style-type: none">1. We evaluated the control environment including authorization, sanctioning and disbursement of significant loans advanced during the year.2. We evaluated the control environment of levying the processing fees on significant loans advanced by the company and its treatment in books of accounts in accordance with Ind AS 109.3. We have obtained external confirmations from third parties in respect of transactions and closing balance for significant loans advanced by the company. <p>We tested all material entries recorded in connection with the loan advance and interest thereon to determine whether the accounting was appropriate.</p>

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Information other than the Consolidated Financial Statements and Auditor's Report thereon

The respective Board of Directors of the Company and its associate 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 statements 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 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, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Company and its associate in accordance with the accounting principles generally accepted in India, including the Indian 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

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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 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of the 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.
- (vi) Obtain sufficient and appropriate audit regarding the financial information of the entities or business activities within the Company and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For other entities included in the consolidated financial statements, which have been audited by other auditors such other auditors remain responsible for direction supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and its associate 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.

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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 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

We did not audit the annual financial statements of one associate included in the consolidated financial results, whose financial information reflects total net assets of Rs. 21,237.6 Lakhs as at 31st March 2022, total net profit after tax of Rs. 1093.34 Lakhs, total comprehensive income of Rs. 2,504.89 Lakhs, and net cash flows of Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. 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 solely on such unaudited financial statements. 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, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) 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. 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, Consolidated Statement of Changes in Equity (including other comprehensive income) 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 Indian 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 of the Company and its associate as on 31st March, 2022 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, 2022 from being appointed as a director in terms

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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 its associate and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company and its associate'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. 24 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. The Company and its associates is not required to transfer any amount to the Investor Education and Protection Fund.
 - iv.
 - a) Based upon representation by the management of the Company and its associate and to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company and its associates to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company and its associated ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) Based upon representation by the management of Company and its associate of the company and to best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures, we have obtained reasonable and appropriate evidence, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
 - v. No dividend has been declared or paid during the year by the company and its associate. Accordingly provisions of Section 123 of the Companies Act, 2013 are not applicable.

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- h. In our opinion and according to the information and explanations given to us by the management of the Company and its associate, the remuneration paid to the respective directors of the company and its associate during the current year is in accordance with the provisions of Section 197 read with Schedule V of the Act.

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

O.P. Pareek

Partner

Membership No. 014238

UDIN:22014238AJXZKK8840

New Delhi, the 30th day of May, 2022

V.N. PUROHIT & CO.

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Annexure A to the Independent Auditor's report on Consolidated Financial Statements

(Referred to in our report of even date)

In our opinion and according to the information and explanations given to us, the statutory auditors of the entities/ companies included in the consolidated financial statements have not issued their report on Companies Auditor Report Order (CARO) till the date of signing this report.

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

O.P. Pareek

Partner

Membership No. 014238

UDIN:22014238AJXZKK8840

New Delhi, the 30th day of May, 2022

V.N. PUROHIT & CO.

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Annexure-B 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 statements of the Company as at and for the year ended on 31st March 2022, 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.

Opinion

In our opinion, the Company and its associate, have, in all material aspects, an adequate internal financial control system with reference to consolidated financial statements and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on "the internal financial controls with reference to consolidated financial statements criteria considering the essential components of internal control stated in the Guidance Note.

Management's Responsibility for the Internal Financial Controls

The respective management of the Company and its associate are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements 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 ("the guidance note"). 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 internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, with reference to the consolidated financial statements. 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 with reference to the consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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.

V.N. PUROHIT & CO.

Chartered Accountants

We believe that the audit evidence we have obtained for the Company and its associate to which we are independent auditors is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A Company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements 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.

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

O.P. Pareek

Partner

Membership No. 014238

UDIN: - 22014238AJXZKK8840

New Delhi, the 30th day of May, 2022

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2022

(Rs. in '000)

Particulars	Notes	As at 31st March 2022	As at 31st March 2021
ASSETS			
Financial assets			
(a) Cash and cash equivalents	3	227.89	102.07
(b) Loans	4	2,013,906.47	1,831,128.74
(c) Investments	5	2,202,039.64	1,951,449.34
(d) Other financial assets	6	45.00	25.00
		<u>4,216,219.00</u>	<u>3,782,705.15</u>
Non-financial assets			
(a) Current tax assets (net)		369.06	6,793.41
(b) Deferred tax assets (net)	7	135.53	164.67
(c) Property, plant & equipment	8	3.50	4.33
(d) Other non financial assets	9	13,850.18	16,105.00
		<u>14,358.27</u>	<u>23,067.41</u>
Total Assets		<u>4,230,577.27</u>	<u>3,805,772.56</u>
LIABILITIES AND EQUITY			
Financial liabilities			
(a) Borrowings (other than debt securities)	10	1,586,113.90	1,375,284.12
(b) Other financial liabilities	11	132,132.68	229,023.94
		<u>1,718,246.58</u>	<u>1,604,308.06</u>
Non-financial liabilities			
(a) Other non financial liabilities	12	34,403.25	34,936.98
		<u>34,403.25</u>	<u>34,936.98</u>
EQUITY			
(a) Equity share capital	13	147,385.25	147,385.25
(b) Other equity	14	2,330,542.19	2,019,142.27
		<u>2,477,927.44</u>	<u>2,166,527.52</u>
Total Liabilities and Equity		<u>4,230,577.27</u>	<u>3,805,772.56</u>

Notes to the Consolidated financial statements 1-37

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: 22014238AJXZKK8840
New Delhi, 30th day of May 2022

Vikram Goyal
Director
DIN: 00381115
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rajan Goyal
Director
DIN: 02600825
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rohit Saraogi
CFO
PAN: BVCPS4684L

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2022*(Rs. in '000)*

Particulars	Notes	For the year ended on 31st March 2022	For the year ended on 31st March 2021
REVENUE			
(i) Interest income on loans	15	208,446.43	185,050.52
(I) Total revenue from operations		208,446.43	185,050.52
(II) Other income	17	660.66	11.27
(III) Total income (I+II)		209,107.09	185,061.79
EXPENSES			
(i) Finance costs	17	120,610.98	114,617.69
(ii) Impairment of financial instrument	18	856.45	582.67
(iii) Employee benefit expenses	19	3,891.84	6,690.33
(iv) Depreciation	8	0.83	1.51
(v) Other expenses	20	1,896.53	1,189.00
(IV) Total expenses		127,256.63	123,081.20
(V) Profit before tax (III-IV)		81,850.46	61,980.59
(VI) Tax expense			
Current tax		(20,910.88)	(15,718.01)
Deferred tax		(29.14)	(29.75)
(VII) Profit/ (loss) after tax (V-VI)		60,910.44	46,232.83
Share of profit in associate (net) (IV)		109,334.05	96,116.34
Other Comprehensive Income			
Share of other comprehensive income in Associates to the extent not reclassified to profit & loss		141,155.43	180,704.87
Total other comprehensive income (IV)		141,155.43	180,704.87
Total comprehensive income (III+IV)		311,399.92	323,054.04
Earning per equity share (EPS) [nominal value of share Rs. 10]			
Basic		11.55	9.66
Diluted		11.55	9.66

Notes to the Consolidated financial statements **1-37**

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
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New Delhi, 30th day of May 2022

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Rohit Saraogi
CFO
PAN: BVCP54684L

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2022

(Rs. in '000)

Particulars	For the year ended on 31st March 2022	For the year ended on 31st March 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/ (loss) before tax and after extra- ordinary items	81,850.45	62,563.25
<u>Adjustments for items: -</u>		
Depreciation	0.83	1.51
Operating Profit before working capital changes	81,851.28	62,564.76
<u>Working capital adjustments: -</u>		
(Increase)/ decrease in loans	(182,777.73)	(233,067.73)
(Increase)/ decrease in other financial assets	(20.00)	-
(Increase)/ decrease in other non financial assets	2,254.82	1,976.38
Increase/ (decrease) in other financial liabilities	(96,891.26)	160,937.43
Increase/ (decrease) in other non-financial liabilities	(533.73)	25,834.94
Cash generated from operations	(196,116.62)	18,245.78
Direct taxes paid	(14,486.52)	(13,475.52)
Net cash flow from operating activities (A)	(210,603.14)	4,770.26
CASH FLOW FROM INVESTING ACTIVITIES		
Sale/ (Purchase) of investments	(100.82)	(39,519.00)
Net cash flow from investing activities (B)	(100.82)	(39,519.00)
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from borrowings	210,829.78	33,533.88
Net cash flow from financing activities (C)	210,829.78	33,533.88
Net cash flow during the year (A + B + C)	125.82	(1,214.85)
Add: Opening cash and cash equivalents	102.07	1,316.92
Closing cash and cash equivalents	227.89	102.07
Components of cash and cash equivalents		
Cash on hand	120.13	4.31
Balance with banks	107.76	97.76
Total cash and cash equivalents (Note 3)	227.89	102.07

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

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New Delhi, 30th day of May 2022

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SONAL MERCANTILE LIMITED
CIN: L51221DL1985PLC022433
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31ST MARCH 2022

Equity Share Capital

I. Current reporting period

Balance at the 1st April, 2021	Change in equity share capital due to prior period errors	Restated balance at the 1st April, 2021	Changes in equity share capital during the year	Balance at the 31st March, 2022
147,385.25	-	147,385.25	-	147,385.25

II. Previous reporting period

Balance at the 1st April, 2020	Change in equity share capital due to prior period errors	Restated balance at the 1st April, 2020	Changes in equity share capital during the year	Balance at the 31st March, 2021
147,385.25	-	147,385.25	-	147,385.25

Other Equity

I. Current reporting period

Particulars	Reserve & Surplus			Share of other comprehensive income in associates	Total
	Statutory Reserve (U/s 45-IC of the RBI Act, 1934)	Retained earnings	Share premium		
Balances as at 1st April 2021	15,141.57	1,718,914.98	72,529.75	212,555.97	2,019,142.27
Changes in accounting policy or prior period error	-	-	-	-	-
Restated balance as at 1st April 2021	15,141.57	1,718,914.98	72,529.75	212,555.97	2,019,142.27
Total comprehensive income	-	60,910.44	-	141,155.43	202,065.87
Share of profit in associates	-	109,334.05	-	-	109,334.05
Appropriation to statutory reserves	12,182.09	(12,182.09)	-	-	-
Balance as at 31st March 2022	27,323.66	1,876,977.38	72,529.75	353,711.40	2,330,542.19

II. Previous reporting period

Particulars	Reserve & Surplus			Share of other comprehensive income in associates	Total
	Statutory Reserve (U/s 45-IC of the RBI Act, 1934)	Retained earnings	Share premium		
Balances as at 1st April 2020	6,109.72	1,585,597.67	72,529.75	31,851.10	1,696,088.24
Changes in accounting policy or prior period error	-	-	-	-	-
Restated balance as at 1st April 2020	6,109.72	1,585,597.67	72,529.75	31,851.10	1,696,088.24
Total comprehensive income	-	46,232.82	-	180,704.87	226,937.69
Share of profit in associates	-	96,116.34	-	-	96,116.34
Appropriation to statutory reserves	9,031.85	(9,031.85)	-	-	-
Balance as at 31st March 2021	15,141.57	1,718,914.98	72,529.75	212,555.97	2,019,142.27

Notes to the Consolidated financial statements

1-37

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: 22014238AJXZFZ5226
New Delhi, 30th day of May 2022

Vikram Goyal
Director
DIN: 00381115
A-7/2, Shivaji Apartments
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Rajan Goyal
Director
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Rohit Saraogi
CFO
PAN: BVCP54684L

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

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:

2.1 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.

2.2 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. However certain financial assets and liabilities are measured at fair value in compliances with IND-AS.

2.3 Principles of consolidation

The consolidated financial statements comprise of the holding company India Finsec Limited and all its subsidiaries and associates in accordance with the requirements of Ind AS 110- Consolidated Financial Statements and Ind AS 28 - Investment in Associates and Joint Ventures (to the extent applicable). The consolidated financial statements have been prepared on the following bases: -

The financial statements of the holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, afterfully eliminating intra-group balances and intra-group transactions.

Profits or losses resulting from intra-group transactions that are recognized in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.

Goodwill represents the difference between the Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries.

The financial statements of the associate/ subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2022.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each

The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognized in the Consolidated statement of profit & loss being the profit or loss on disposal of investment in subsidiary.

Investment in Associates and Joint Ventures has been accounted under the Equity Method as per Ind AS 28 - Investments in Associates and Joint Ventures.

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.

Non-Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Company.

Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet.

Changes in a parent's ownership interest after control is obtained that do not result in a change in control of the subsidiary are accounted for as equity transactions. The carrying amount of the non-controlling interest is adjusted to reflect the change in the non-controlling interest's ownership interest in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized in equity and attributed to the parent's equity holders.

2.4 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 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.

2.5 Critical accounting estimates:

2.5.1 Income Taxes:

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

2.5.2 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.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

2.5.3 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.

2.5.4 Effective Interest Rate (EIR) Method:

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, restructuring and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments and other fee income/expense that are integral parts of the instrument.

2.6 Property, plant and equipment (PPE):

PPE 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 PPE, 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 PPE	Useful life (in years)
Furniture & fixtures	10
Vehicles	8
Office equipment	5
Computers	3

An item of PPE 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 PPE 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.

2.7 Revenue recognition:

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

2.7.1 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.

2.7.2 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.

2.7.3 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.

2.8 Financial Instruments:**2.8.1 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.

2.8.2 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.

2.8.3 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.

2.8.4 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.

2.8.5 Expected Credit Loss (ECL): -

Financial assets where no significant increase in credit risk has been observed are considered to be in 'Stage 1' and for which a 12-month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'Stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'Stage 3'. Lifetime ECL is recognised for the financial assets categorised under 'Stage 2' and 'Stage 3'.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months. In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('Lifetime ECL'). Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

2.9 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.

2.10 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 off-setting 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.

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

2.11 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 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.

2.12 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.

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(Rs. in '000)

3	Cash and cash equivalents	As at	As at
		31st March 2022	31st March 2021
	Cash on hand (as certified)	120.13	4.31
	Balances with banks	107.76	97.76
		<u>227.89</u>	<u>102.07</u>
4	Loans	As at	As at
		31st March 2022	31st March 2021
	In India (at amortised cost)		
	(A)		
	(i) Loans repayable on demand	-	701.10
	(ii) Term loan	2,019,352.21	1,835,016.93
	Total (A)- Gross	<u>2,019,352.21</u>	<u>1,835,718.03</u>
	Less: Impairment loss allowance	(5,445.74)	(4,589.30)
	Total (A)-Net	<u>2,013,906.47</u>	<u>1,831,128.73</u>
	(B)		
	(i) Secured by assets	-	-
	(iii) Unsecured	2,019,352.21	1,835,718.04
	Total (B)- Gross	<u>2,019,352.21</u>	<u>1,835,718.04</u>
	Less: Impairment loss allowance	(5,445.74)	(4,589.30)
	Total (B)-Net	<u>2,013,906.47</u>	<u>1,831,128.74</u>
	(C)		
	(I) Loans in India	-	-
	(ii) Public sector	-	-
	(iii) Others	2,019,352.21	1,835,718.04
	Total (C)- Gross	<u>2,019,352.21</u>	<u>1,835,718.04</u>
	Less: Impairment loss allowance	(5,445.74)	(4,589.30)
	Total (C)- Net	<u>2,013,906.47</u>	<u>1,831,128.74</u>
	(II) Loans outside India	-	-
	Less: Impairment loss allowance	-	-
	Total (C) (II) - Net	<u>-</u>	<u>-</u>
	Total Net (C) (II) and (III)	<u>2,013,906.47</u>	<u>1,831,128.74</u>

4.1 Additional disclosure in respect of loans and advances:-

Type of Borrower	As at 31st March 2022		As at 31st March 2021	
	Amount of loan or advance in the nature of loan outstanding	% to the total loans and advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	% to the total loans and advances in the nature of loans
Loans and advances granted to promoters, directors, KMPs and other related parties that are (a) repayable on demand; or (b) without specifying any terms or period of repayment	Nil	Nil	Nil	Nil

5	Investments	As at	As at
		31st March 2022	31st March 2021
	Equity Instruments- In India		
	Associate (at Cost)	2,124,010.12	1,873,520.64
	Investment Property (at Cost)		
	Opening Balance	77,928.71	38,409.70
	Add: Additions during the year	100.81	39,519.00
	Closing Balance	<u>78,029.52</u>	<u>77,928.70</u>
		<u>2,202,039.64</u>	<u>1,951,449.34</u>

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

	As at	As at
	31st March 2022	31st March 2021
Initial cost of investments	229.40	229.40
Add: - Goodwill on consolidation	20.60	20.60
Add: - Share in post acquisition profits	2,123,760.12	1,873,270.64
	<u>2,124,010.12</u>	<u>1,873,520.64</u>

6	Other financial assets	As at	As at
		31st March 2022	31st March 2021
	Security deposits	45.00	25.00
		<u>45.00</u>	<u>25.00</u>

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	As at 31st March 2022	(Rs. in '000) As at 31st March 2021
7 Deferred tax assets (net)		
At start of the year	164.67	194.42
Credit/ (charge) to statement of profit and loss	(29.14)	(29.75)
Credit/ (charge) to other comprehensive income	-	-
At end of the year	135.53	164.67

7.1 Deferred tax asset 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 utilised.

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

Timing difference on account of :	For the year ended on 31st March 2022			
	Opening balance	Recognised in statement of profit and loss	Recognised in OCI	Closing balance
Property, plant & equipment	164.67	(29.14)	-	135.53
Total	164.67	(29.14)	-	135.53

Timing difference on account of :	For the year ended on 31st March 2021			
	Opening balance	Recognised in statement of profit and loss	Recognised in OCI	Closing balance
Property, plant & equipment	194.42	(29.75)	-	164.67
Total	194.42	(29.75)	-	164.67

8 Property, plant & equipment	As at 31st March 2022	As at 31st March 2021
Carrying amount: -		
Office equipment	1.02	1.85
Furniture & fixtures	0.70	0.70
Computers	1.78	1.78
	3.50	4.33

	Office equipment	Furniture & fixtures	Computers	Total
Cost or Deemed Cost: -				
Balance as at 1st April, 2020	5.29	14.00	35.60	54.89
Additions during the year	-	-	-	-
Asset disposed/ written off during the year	-	-	-	-
Balance as at 31st March, 2021	5.29	14.00	35.60	54.89
Additions during the year	-	-	-	-
Asset disposed/ written off during the year	-	-	-	-
Balance as at 31st March, 2022	5.29	14.00	35.60	54.89

Accumulated depreciation: -				
Balance as at 1st April, 2020	1.93	13.30	33.82	49.05
Charge for the year	1.51	-	-	1.51
Adjusted on assets disposed/ written off	-	-	-	-
Balance as at 31st March, 2021	3.44	13.30	33.82	50.56
Charge for the year	0.83	-	-	0.83
Adjusted on assets disposed/ written off	-	-	-	-
Balance as at 31st March, 2022	4.27	13.30	33.82	51.39

Carrying amount: -				
Balance as at 31st March, 2021	1.85	0.70	1.78	4.33
Balance as at 31st March, 2022	1.02	0.70	1.78	3.50

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

8.2 The company has not made any of change (10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) in the value of Property, Plant & Equipments due to revaluation.

9 Other non-financial assets	As at 31st March 2022	As at 31st March 2021
Advances for purchase of properties	13,535.18	15,790.00
Balance held by authorities (Note 9.1)	315.00	315.00
	13,850.18	16,105.00

9.1 A sum of Rs. 315.00 thousands held as Cash which is related to the Company had been seized by the Income tax Department on 11th Feb 2021 pursuant to search conducted at Director's residence.

10 Borrowings (other than debt securities)	As at 31st March 2022	As at 31st March 2021
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(Rs. in '000)

<u>Borrowings in India (unsecured)</u>					
<u>(Measured at Amortised cost)</u>					
Loans from related parties		432,006.25	1,008,681.86		
Loan from others		1,154,107.65	366,602.26		
		<u>1,586,113.90</u>	<u>1,375,284.12</u>		
11	Other financial liabilities	As at	As at		
		31st March 2022	31st March 2021		
	Payable against expenses	703.07	2,523.94		
	Advance against joint development agreement	131,000.00	196,500.00		
	Advance against sale of investments	-	30,000.00		
	Cheques Overdrawn	429.61	-		
		<u>132,132.68</u>	<u>229,023.94</u>		
12	Other non financial liabilities	As at	As at		
		31st March 2022	31st March 2021		
	Payable to government authorities	34,403.25	34,936.98		
		<u>34,403.25</u>	<u>34,936.98</u>		
13	Equity share capital	As at 31st March 2022	As at 31st March 2021		
		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	15,000,000 150,000.00		
	Issued, subscribed and fully paid- up shares				
	Equity shares of Rs. 10 each with voting rights fully paid	14,738,525 147,385.25	14,738,525 147,385.25		
		<u>14,738,525 147,385.25</u>	<u>14,738,525 147,385.25</u>		
13.1	Reconciliation of number of equity shares and amount outstanding	As at 31st March 2022	As at 31st March 2021		
		Nos. (Rs. In'000')	Nos. (Rs. In'000')		
	Equity Shares				
	- At the beginning of the period	14,738,525 147,385.25	14,738,525 147,385.25		
	- Issued during the year	- -	- -		
	Total outstanding at the end of the period	<u>14,738,525 147,385.25</u>	<u>14,738,525 147,385.25</u>		
13.2	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.					
13.3	Details of shareholders holding more than 5% shares in the company: -	As at 31st March 2022	As at 31st March 2021		
		Nos. % holding	Nos. % holding		
	Rudraveerya Developers Limited	3,645,135 24.73%	3,632,610 24.65%		
	Ram Gopal Goyal & Sons LLP	3,672,396 24.92%	36,72,396 24.92%		
	Orion infradevelopers Private Limited	1,320,086 8.96%	1,316,757 8.93%		
	Orion Propmart Private Limited	1,520,107 10.31%	1,517,926 10.30%		
As per records, registers and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.					
13.4	Details of shares held by promoters in the Company				
	Promoter Name	31st March 2022		31st March 2021	% Change during the year
		No of Shares	% of total Shares	No of Shares % of total Shares	
	Ram Gopal Goyal & Sons LLP	3,672,396	24.920%	3,672,396 24.920%	0%
There is no change in promoters shareholding during the period ended March 31,2022 and March 31,2021					
14	Other equity	As at	As at		
		31st March 2022	31st March 2021		
	Special Reserve (u/s 45IC of RBI Act, 1934)				
	Balance as per last financial statements	15,141.57	6,109.72		
	Add: Transfer from surplus	12,182.09	9,031.85		
	Closing balance	<u>27,323.66</u>	<u>15,141.57</u>		
	Retained Earnings				
	Balance as per last financial statements	1,718,914.98	1,585,597.67		
	Add/(Less): Profit/ (loss) for the year	60,910.44	46,232.82		
	Add/(Less): Share of profit in associate	109,334.05	96,116.34		
	Less: Transfer to Special Reserve u/s 45-IC of RBI Act	(12,182.09)	(9,031.85)		
	Net surplus in statement of profit and loss	<u>1,876,977.38</u>	<u>1,718,914.98</u>		
	Share premium				
	Opening balance	72,529.75	72,529.75		
	Addition/ (deletion) during the year	-	-		
	Closing balance	<u>72,529.75</u>	<u>72,529.75</u>		
	Share of Other Comprehensive Income in Associates				
	Opening Balance	212,555.97	31,851.10		

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			(Rs. in '000)
Transfer from Statement of Profit & Loss	141,155.43		180,704.87
Closing balance		353,711.40	212,555.97
Total Other Equity		2,330,542.19	2,019,142.27
15 Revenue from operations		For the year ended 31st March 2022	For the year ended 31st March 2021
<u>On financial assets measured at amortised cost:</u>			
- Interest income on loans		208,446.43	185,050.52
		208,446.43	185,050.52
16 Other income		For the year ended 31st March 2022	For the year ended 31st March 2021
Interest on income tax refund		660.66	11.27
		660.66	11.27
17 Finance cost		For the year ended 31st March 2022	For the year ended 31st March 2021
<u>On financial liabilities measured at amortised cost:</u>			
- Interest on borrowings		120,610.98	114,617.69
		120,610.98	114,617.69
18 Impairment of Financial instrument		For the year ended 31st March 2022	For the year ended 31st March 2021
Loans (at amortised cost)		856.45	582.67
		856.45	582.67
19 Employee benefit expenses		For the year ended 31st March 2022	For the year ended 31st March 2021
Salaries and allowances		3,869.02	6,669.95
Staff welfare expenses		22.82	20.38
		3,891.84	6,690.33
20 Other expenses		For the year ended 31st March 2022	For the year ended 31st March 2021
Advertisement & publication expenses		89.59	84.01
Annual custodial fee		106.20	110.17
Payment to statutory auditors			
In capacity as auditors: -			
towards audit fees		60.00	47.20
towards certification		35.52	21.50
Bank charges		0.15	2.98
Books & periodicals		20.51	12.83
Business promotion		24.81	14.78
BSE listing fees		354.00	354.00
Conveyance expenses		21.05	14.47
Electricity charges		23.70	23.48
Interest on late payment of TDS		473.13	-
Late filing fees & penalty		234.82	0.19
Rent		150.00	156.25
ROC filing fees		41.30	
Postage & courier		3.25	4.96
Printing and stationery		19.84	18.82
Professional charges		75.20	210.95
Membership fees		29.50	5.90
Miscellaneous expenses		42.80	23.13
RTA expenses		74.96	64.18
Telephone & mobile expenses		8.18	8.77
Website Expenses		8.02	10.43
		1,896.53	1,189.00

21 Related parties: -

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

21.1 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) Kush Mishra (Past Company Secretary) Prabhjeet Kaur (Company Secretary)
(iii)	Relatives of Key Management Personnel	None
(iv)	Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives	None

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

S. No.	Transaction with	Nature of transaction	Transactions during the year	
			31st March 2022	31st March 2021
(i)	Associate Company: -			
	Rudraveerya Developers Ltd	Loan received	62,007.67	199,753.69
		Loan repaid	608,964.00	312,350.00
		Finance cost	54,904.54	82,797.48
(ii)	Key Management Personnel: -			
	Rohit Saraogi	Remuneration	630.00	600.00
	Prabhjeet Kaur	Remuneration	287.35	Nil
	Kush Mishra (Past Company Secretary)	Remuneration	Nil	165.95
(iii)	Relatives of Key Management Personnel: -	None		

S. No.	Transaction with	Nature of transaction	Balance as at	
			31st March 2022	31st March 2021
(i)	Associate Company: -			
	Rudraveerya Developers Ltd	Borrowings	325,341.02	872,297.35
		Interest payable	40,649.09	243.29
(ii)	Key Management Personnel: -			
	Rohit Saraogi	Remuneration payable	47.87	95.75
	Prabhjeet Kaur	Remuneration payable	34.91	Nil
(iii)	Relatives of Key Management Personnel: -	None		

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

23	Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
	Foreign currency earnings, expenditures and outgo	Nil	Nil

24	Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
	Contingent liabilities not provided	Nil	Nil
	Pending litigations by/ against the Company	None	None

(Rs. In '000')

25 Categories of Financial Instruments and its fair value measurement

Financial assets	As at 31st March 2022	As at 31st March 2021
Measured at amortised cost		
(i) Trade receivables	-	-
(ii) Cash and Bank balance	227.89	102.07
(iii) Loans	2,013,906.47	1,831,128.74
(iv) Other financial assets	45.00	25.00
Measured at Cost		
(i) Investment in Associate	2,124,010.12	1,873,520.64
(ii) Investment in Property	78,029.52	77,928.70
Total	4,216,219.00	3,782,705.15
Financial liabilities	As at 31st March 2022	As at 31st March 2021
Measured at amortised cost		
(i) Borrowings	1,586,113.90	1,375,284.12
(ii) Other financial liabilities	132,132.68	229,023.94
Total	1,718,246.58	1,604,308.06

26 Ratio Analysis and its components

S.No.	Particulars	31st March 2022	31st March 2021	% change from March 31, 2021 to March 31, 2022
1	Current ratio	1.218	1.193	2.07%
2	Debt- Equity Ratio	4.478	4.716	-5.04%
3	Debt Service Coverage Ratio	1.686	1.546	9.05%
4	Return on Equity Ratio	0.188	0.171	9.94%
5	Inventory Turnover Ratio	N.A.	N.A.	N.A.
6	Trade Receivable Turnover Ratio	N.A.	N.A.	N.A.
7	Trade Payable Turnover Ratio	N.A.	N.A.	N.A.
8	Net Capital Turnover Ratio	0.557	0.597	-6.77%
9	Net Profit Ratio	0.292	0.250	16.96%
10	Return on Capital Employed	0.042	0.037	13.56%
11	Return on Investment	-	-	0.00%
12	Capital to risk -weighted asset ratio (CRAR)	0.168	0.151	10.81%
13	Tier I CRAR	0.168	0.151	10.81%
14	Tier II CRAR	-	-	0.00%
15	Liquidity Coverge Ratio	0.017	0.040	-56.49%

Reasons for variance of more than 25% in above ratios

(a) Liquidity Coverage Ratio has decreased due to change (increase) in Net cash flows i.e Rs. 25,69,604 in F.Y 2020-21 to Rs. 1,31,85,824 in F.Y 2021-22

Components of Ratio

S.No.	Ratios	Numerator	Denominator	31st March 2022		31st March 2021	
				Numerator	Denominator	Numerator	Denominator
1	Current ratio	Current Assets	Current Liabilities	2,092,459.00	1,718,246.62	1,914,024.00	1,604,309.00
2	Debt- Equity Ratio	Total Debts (Total Liabilities)	Total Equity(Equity Share capital+Other equity)	1,586,114.00	354,167.00	1,375,285.00	291,600.00
3	Debt Service Coverage Ratio	Earnings available for debt service (Net profit before exceptional Items & tax expense + depreciation & amortization + Finance cost + Non cash operating Items + other adjustment)	Finance cost + principle repayment of long term borrowings during the period/year	203,318.00	120,611.00	177,183.00	114,618.00
4	Return on Equity Ratio	Net profit after tax-Exceptional Items	Average Total Equity [(Opening Equity Share capital + Opening Other equity + Closing Equity Share Capital + Closing Other Equity)/2]	60,910.44	323,712.09	46,232.83	270,140.46
5	Inventory Turnover Ratio	Revenue from sales of products	Average Inventory [(opening balance + closing balance)/2]	208,446.00	-	185,051.00	-
6	Trade Receivable Turnover Ratio	Revenue from operations	Average trade receivable [(Opening balance + closing balance)/2]	208,446.00	-	185,051.00	-
7	Trade Payable Turnover Ratio	Revenue from operations	Average trade payable [(Opening balance + closing balance)/2]	208,446.00	-	185,051.00	-
8	Net Capital Turnover Ratio	Revenue from operations	Working capital (Current asset-current liabilities)	208,446.00	374,212.38	185,051.00	309,715.00
9	Net Profit Ratio	Net profit after tax-Exceptional Items	Revenue from operations	60,910.44	208,446.43	46,232.83	185,050.52
10	Return on Capital Employed	Profit Before interest,Tax & Exceptional item	Total Equity + Total Debts (Including preference share liability)	81,850.46	1,940,281.21	61,980.59	1,668,540.99
11	Return on Investment	Interest Income on fixed deposits + Profit on sale of investments + Income of investment - impairment on value of investment	Current investments + Non current Investments + Fixed deposits with bank	-	78,279.52	-	78,178.70
12	Capital to risk - weighted asset ratio	Tier I Capital + Tier II Capital - Investment in subsidiaries	Risk Weighted Assets	353,917.31	2,108,410.70	293,006.87	1,934,189.65
13	Tier I CRAR	Tier I	Risk Weighted Assets	353,917.31	2,108,410.70	293,006.87	1,934,189.65
14	Tier II CRAR	Tier II	Risk Weighted Assets	-	2,108,410.70	-	2,108,410.70
15	Liquidity Coverage Ratio	Highly qualified Liquid assets	Net Cash outflow	227.89	13,185.82	102.06	2,569.60

27 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

(i) Market risk

(a) Interest rate risk;

(ii) Credit risk and ;

(iii) Liquidity risk

Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk . The Company's primary risk management focus is to minimize potential adverse effects of risks on its financial performance. The Company's risk management assessment policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management of these policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee are responsible for overseeing these policies and processes.

(i) Market risk

Market risk is the risk of changes in the market prices on account of foreign exchange rates, interest rates and Commodity prices, which shall affect the Company's income or the value of its holdings of its financial instruments . The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the returns.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates to borrowings from banks and others.

For details of the Company's short-term and long term loans and borrowings refer Note No. 10

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss by amounts shown below. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date.

Impact on Profit/(loss) before tax	For the year ended 31st March 2021		For the year ended 31st March 2022	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
On account of variable rate on loans and advances given	18,311.29	(18,311.29)	20,139.06	(20,139.06)
On account of variable rate on borrowing	(13,752.84)	13,752.84	(15,861.14)	15,861.14
Net impact on profitability	4,558.45	(4,558.45)	4,277.93	(4,277.93)

(ii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customer. The Company establishes an allowance for doubtful debts, impairment and expected credit loss that represents its estimate on expected credit loss model.

(a) Cash and cash equivalents

The Company holds cash and cash equivalents with credit worthy banks of Rs. 227,893 .The credit worthiness of such banks is evaluated by the management on an on-going basis and is considered to be good.

(b) Investment

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties apart from those already given in financials, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

(iii) Liquidity risk

SONAL MERCANTILE LIMITED

CIN: L51221DL1985PLC022433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(Rs. in '000)

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has been taking measures to ensure that the Company's cash flow from business borrowing is sufficient to meet the cash requirements for the Company's operations. The Company managing its liquidity needs by monitoring forecasted cash inflows and out flows in day today business. Liquidity needs are monitored on various time bands, on a day today and week to week basis, as well as on the basis of a rolling 30 day projections. Net cash requirements are compared to available working capital facilities in order to determine head room or any shortfalls. Presently company's objective is to maintain sufficient cash to meet its operational liquidity requirements.

The below table summaries the maturity profile of the Company's financial liability

Particulars	Carrying Amount	Contractual cash outflow				
		Total	1 year or less	1-2 year	2-5 years	> 5 years
As at March 31, 2022						
Unsecured borrowings	1,586,113.90	1,586,113.90	1,586,113.90	-	-	-
Other financial liabilities	132,132.68	132,132.68	132,132.68	-	-	-

Particulars	Carrying Amount	Contractual cash outflow				
		Total	1 year or less	1-2 year	2-5 years	> 5 years
As at March 31, 2021						
Unsecured borrowings	1,375,284	1,375,284	1,375,284	-	-	-
Other financial liabilities	229,024	229,024	229,024	-	-	-

28 The consolidated financial statements were approved for issue by the Board of Directors on 30th day of May, 2022.

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 Company has not experienced any significant impact due to Covid-19 and as such on its liquidity position; the Company continues to be well geared to meet its funding needs. The Management believes that there will not be significant impact of this outbreak in continuing its business operations, in maintaining its financial position and in its ability to continue as a going concern. The Company shall also continue to closely monitor any material changes arising of future economic conditions and potential impact on its business.

32 The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

33 Corporate Social Responsibility (CSR): -

33.1 Brief Outline on CSR Policy of the Company: -

The Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. The Company's objective is to pro-actively support meaningful socio-economic development. Pursuant to provisions of Section 135 of the Companies Act, 2013, the Company has formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.sonalmercantile.in.

33.2 Disclosure about CSR Expenditure: -

(Rs. in '000)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Amount required to be spent during the year	656.83	Not Applicable
Amount of CSR expenditure incurred during the year	-	Not Applicable
Excess/ (Shortfall) at the end of the year	(656.83)	Not Applicable
Total of previous year's shortfall	-	Not Applicable

33.3 Reason of shortfall: -

The Company has not spent the CSR amount during the year ended on 31st March 2022. The Board has been seeking a suitable project which is related to ongoing project pertains to Poverty, Poor Eradication, Health, Social empowerment as the CSR provisions became firstly applicable to the Company in the current year. However, Company has transferred the unspent money to a separate Unspent CSR Bank Account and will spent the same in due course as per the applicable provisions of the Companies Act, 2013.

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

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

36 Figures in brackets indicate negative (-) figures.

37 The company does not have transactions with the companies struck off under section 248 of Companies Act ,2013.

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
UDIN: 22014238AJZKK8840
New Delhi, the 30th day of May, 2022

Vikram Goyal
Director
DIN: 00381115
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rajan Goyal
Director
DIN: 02600825
A-7/2, Shivaji Apartments
Rohini, New Delhi - 110085

Rohit Saraogi
CFO
PAN: BVCPS4684L