



DIVERSIFICATION-LED PROGRESSIVE GROWTH

Annual Report 2022-23



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FINANCIAL SUMMARY/HIGHLIGHTS

The highlights of the standalone performance of the Company during the fiscal are given hereunder:

₹ 10,880.50 lakhs

Revenue

₹ 1,072.76 lakhs

PAT

₹ 1,577.24 lakhs

EBITDA

DIVERSIFICATION-LED PROGRESSIVE GROWTH




Our quest for continued growth and resilience is a perpetual journey. In this pursuit, our strategy of 'Diversification-led Progressive Growth' has gained significant prominence. This approach involves expanding our portfolio beyond traditional offerings and sectors, with the aim of achieving multifaceted benefits that will propel us on the path of sustainable growth.

With a strong focus on construction, mining, and allied activities, we are poised to reshape the Indian infrastructure landscape. Our prowess spans infrastructure construction, engineering, mining, and equipment leasing, spanning diverse projects. Our journey has been marked by visionary leadership, a diversified portfolio, technological excellence, advanced machinery, and an unwavering commitment to quality growth. Recently, we have diversified into the steel manufacturing realm. This expansion enhances our capacity to contribute to India's vital economic sectors while solidifying our role as growth partners.

Our cutting-edge steel plant is currently in progress, boasting advanced technology and a team of ingenious specialists and engineers. This strategic venture will yield high-calibre steel, essential for superior construction and various crucial industries. We aspire to evolve into a premier steel manufacturer, expanding both capacity and expertise, to bolster key sectors.

About SML

DEVELOPING SOLUTIONS TO BUILD A STRONG NATION

The background of the page is a dark industrial setting. A large, bright yellow circular light source, possibly a furnace or a large lamp, is the central focus, creating a strong glow and casting shadows on the surrounding machinery. The light has a soft, ethereal quality, contrasting with the dark, metallic environment.

Sobhagya Mercantile Limited (SML) is an eminent player in the large-scale infrastructure sector with a key focus on construction, mining, infrastructure, and allied activities. With a strong foothold in the areas of Infrastructure Construction, Infrastructure Engineering, Mining, and Equipment Leasing, we offer customer-focussed solutions to the core sectors of the economy. Our recent foray into Steel Manufacturing, supported by a state-of-the-art plant, will enable us to serve the critical sectors of the economy, thus expanding our business scope and positioning us as crucial partners in India's growth.

We cater to both private and public entities helping them fulfil their requirements across an assorted range of projects. Having gained a strong foothold across Infrastructure Construction, Infrastructure Engineering, Mining, and Equipment leasing, we have recently forayed into the business of steel manufacturing. The process for setting-up a state-of-the-art steel plant is underway. It will enable us to better serve India's critical economic sectors while expanding our business, helping position ourselves as key partners in India's growth journey.

Over time, we have achieved tremendous success backed by our visionary leadership capabilities, well-diversified portfolio, technological excellence, cutting-edge machinery and constant drive for quality growth.

Towards fulfilling our ambitious growth plans, we will continue to diversify our portfolio and make inroads into newer territories by leveraging our operational expertise and well-penetrated distribution network.

VISION

To be a leading business conglomerate serving core sectors of the economy and creating value for employees, stakeholders, and society through a commitment to quality and exceptional capabilities.

MISSION

To play an enabling role in India's growth story by providing world-class infrastructure solutions.

To be reputed for excellence in quality, service, and customer care.

To exceed expectations and earn the trust and loyalty of customers, partners, investors, and other stakeholders.

CORE VALUES

PRIDE



MANAGING DIRECTOR'S LETTER



Dear Shareholders,

It is my pleasure to present to you our Annual Report for FY 2022-23 and reflect on our performance for the year. Diversification-led progressive growth represents our strategic evolution for expanding horizons, embracing innovation, and pursuing sustainable growth.



We look forward to achieving favourable profit margins in the coming years. This anticipation stems from our strategic initiatives and a comprehensive approach aimed at fostering sustainable growth.

We believe our endeavours will serve as the catalyst for driving accelerated growth in the ever-evolving infrastructure landscape.

The year 2022 posed formidable challenges as geopolitical tensions, inflationary pressures, and disruptions in supply chains impacted economies worldwide. Economic powerhouses like the United States (US), Europe, and China grappled with a prolonged slowdown. However, the Indian economy emerged as a beacon of resilience and vigour. Fuelled by robust underlying factors, favourable policy actions, and burgeoning domestic consumption, the Indian economy showcased its strength by achieving a remarkable 7.2% growth in FY 2022-23. India's prowess in manufacturing garnered international recognition, buoyed by governmental incentives and strategic policies, making it a preferred hub for global supply chain operations.

Furthermore, the Indian government is proactively increasing investments in infrastructure to fortify economic advancement. The Union Budget for 2023-24 unveiled a substantial outlay of ₹ 10 trillion dedicated to infrastructure development which is poised to provide a substantial impetus to India's comprehensive growth.

Throughout the year, our financial performance demonstrated an impressive trajectory, underscoring our dedication to growth and success. We recorded a revenue of ₹ 10,880.50 lakhs, marking a significant growth from ₹ 6,655.58 lakhs in the previous year. Furthermore, our Profit After Tax reached ₹ 1,072.76 lakhs, compared to ₹ 1,095.94 lakhs achieved in FY 2021-22.

We look forward to achieving favourable profit margins in the coming years. This anticipation stems from our strategic initiatives



Our robust expertise and capabilities in construction, mining, and related activities position us to redefine India's infrastructure landscape. Our expertise encompasses a spectrum spanning infrastructure construction, engineering, mining, and equipment leasing, each contributing to an array of projects.

and a comprehensive approach aimed at fostering sustainable growth. With a focus on operational efficiency, innovative strategies, and responsiveness to market dynamics, we are poised to harness opportunities that will contribute to the attainment of our profit margin objectives.

Our robust expertise and capabilities in construction, mining, and related activities position us to redefine India's infrastructure landscape. Our expertise encompasses a spectrum spanning infrastructure construction, engineering, mining, and equipment leasing, each contributing to an array of projects.

A recent strategic expansion has seen us enter the domain of steel manufacturing. This bold step not only enhances our capabilities to serve India's essential economic sectors but also cements our role as catalysts for growth in these areas. In pursuit of this, the Board of Directors has approved a proposal

for setting up a steel plant in Gadchiroli District, Maharashtra. The process of setting up the steel plant is underway. The plant will be handled by a highly skilled team of product specialists and engineers and equipped with the latest technology. We intend to transform into a premier steel manufacturer, expanding both capacity and expertise to serve critical industries.

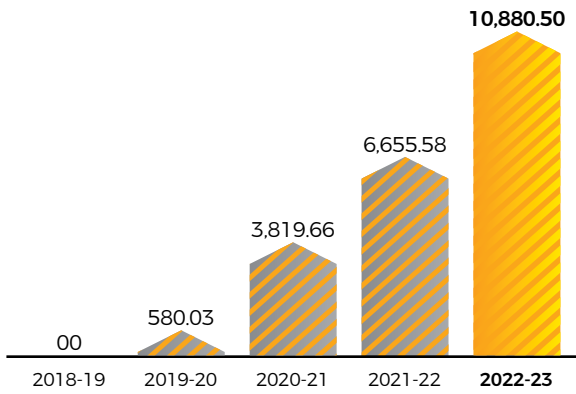
Finally, I would like to extend my heartfelt gratitude to our employees, suppliers, customers, and shareholders for their unwavering support and belief in our abilities. We value the trust and relationships built with each of you and are committed to continuing our partnership and delivering long-term value to all.

Warm Regards,

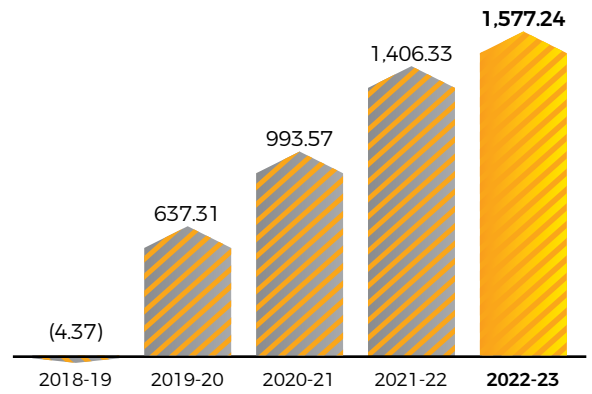
Shrikant Mitesh Bhangdiya
Managing Director

PERFORMANCE HIGHLIGHTS

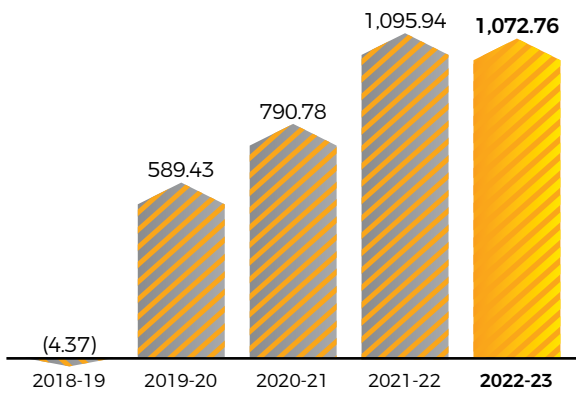
REVENUE (₹ Lakhs)



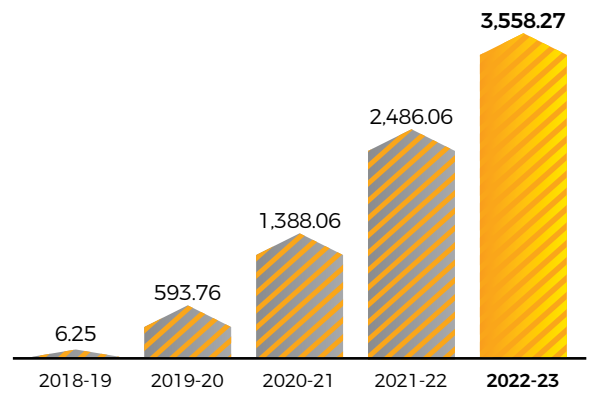
EBITDA (₹ Lakhs)



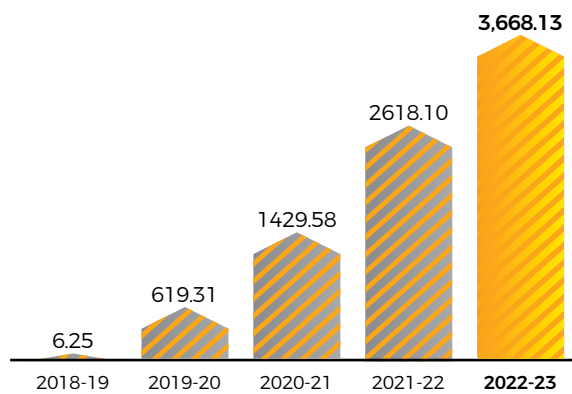
PAT (₹ Lakhs)



NET WORTH (₹ Lakhs)



CAPITAL EMPLOYED (₹ Lakhs)



Governance

BOARD OF DIRECTORS



Mr. Shrikant Mitesh Bhangdiya
Managing Director

Mr. Shrikant has been appointed as Managing Director on 5th December, 2020. He holds Masters in Business Administration and has over 10 years of experience in finance and infrastructure business.



Mrs. Sonal Kirtikumar Bhangdiya
Director

Mrs. Sonal, a B.Com graduate uses her commerce expertise to enhance business efficiency.



Mr. Prashantkumar Lahoti
Independent Director

Mr. Prashant holds a Bachelor's Degree in Accounts & Finance. Apart from significant experience in supervising and coordinating business administration, he is reputed for his team management skills and knowledge of corporate affairs.



Mr. Niresh Maheshwari
Independent Director

Mr. Niresh is a Chartered Accountant and a Master of Financial Administration. He has vast experience in the areas of banking, business structuring, government incentives, and other allied activities.

Business Solutions

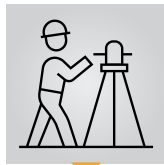
DIVERSE OFFERINGS SOWING SEEDS OF TRANSFORMATION

Operating in the large-scale infrastructure sector, we offer a wide range of customer-centric solutions, meant to serve the core economic sectors for fuelling India's growth story.

WE OFFER SOLUTIONS ACROSS



Infrastructure Construction



Infrastructure Engineering



Mining



Equipment Leasing



Steel Manufacturing

INFRASTRUCTURE CONSTRUCTION



Our endeavour to build a robust road infrastructure in India has made a reliable name in the country's infrastructure construction segment. We offer a well-diversified portfolio of road construction projects that helps connect key cities and corridors in India. Leveraging technology, world-class equipment and a competent team helps drive operational efficiency for fulfilling our vision of creating last-mile connectivity to aid India's development.

2

No. of road construction projects till date

INFRASTRUCTURE ENGINEERING



India's growth is hugely dependent on the growth of its infrastructure sector leading to a substantial increase in demand for Infrastructure-Engineering Consultancy Services among others. To address the growing demand, we offer end-to-end infra-engineering consultancy with sustainable solutions.

As an established player in the sector, our expertise includes creating Detailed Project Reports (DPR) and offering Project Management Consultancy (PMC) services, guiding our clients over the entire project lifecycle - pre-project, project execution and post-project.

2

No. of infra-engineering consultancy offered

MINING

At SML, we will help power India's energy demand through our coal mining operations via recently allotted coal mines. By offering our industry expertise, operational efficiency and safe working practices, we strive to meet the growing energy demand across both domestic and commercial segments. At the same time, we will be significantly contributing to India's energy security while keeping our top focus on quality and sustainability.

01

Coal Mine/Block named as Marki Mangli-IV by Nominated Authority, Ministry of Coal, Government of India, New Delhi.

EQUIPMENT LEASING

We offer top-notch construction equipment with flexible leasing options to help our clients accelerate their business growth.

The infrastructure sector in India is set for remarkable growth along with positive policy reforms signalling the entry of domestic players into the market. Additionally, the sector is increasingly gearing towards automation leading to a consistent demand for equipment leasing.

Towards meeting the increasing demand, we have invested in an extensive fleet of state-of-the-art construction equipment adhering to global standards that include aggregate crushers. We have emerged as a preferred partner for both private and public construction entities across India helping deliver quality construction within timelines and helping maintain cashflows.

3

No. of clients served

STEEL MANUFACTURING

To meet the pent up demand for best-quality steel for stronger construction, we have recently ventured into the business of steel manufacturing. Our world-class steel plant is underway. It will be equipped with the latest technology and handled by an innovative and highly skilled team of product specialists and engineers. The plant will help us produce superior quality steel for undertaking quality construction and usage across key industries. Moving ahead, we aim to become the industry's leading steel manufacturer by expanding our capacities and capabilities and aid the development of the core economic sectors in the country. The Board of Directors has recently approved the proposal for setting up of steel plant at Gadchiroli District Maharashtra, in their meeting held on Saturday, 12th August, 2023.

REVENUE BY BUSINESS VERTICALS

(₹ Lakhs)

4,361.18

Engineering Segment

6,519.32

Metal Sale (Stone Crusher) Segment

10,880.50

Revenue from Operations

CORPORATE INFORMATION

BOARD OF DIRECTORS & KMP:

| | | |
|--------------------------|---|---|
| Mr. Shrikant Bhangdiya | - | Managing Director (DIN: 02628216) |
| Mrs. Sonal Bhangdiya | - | Director (DIN: 03416775) |
| Mr. Prashantkumar Lahoti | - | Independent Director (DIN: 00091140) |
| Mr. Niresh Maheshwari | - | Independent Director (DIN: 06735182) |
| Mr. Anil Khawale | - | Chief Financial Officer ("CFO") (PAN: AESPK9850L) |
| Mrs. Shalinee Singh | - | Company Secretary ("CS") (PAN: CFOPS2367P) |

REGISTERED OFFICE:

B-61, Floor 6, Plot No 210, B Wing, Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai – 400021 MH IN

CIN: L45100MH1983PLC031671

CORPORATE OFFICE ADDRESS:

526, 1st Floor, Bhangdiya House, Near Getwell Hospital, Dhantoli, Nagpur, Maharashtra 440012 IN

STATUTORY AUDITORS:

M/s. Joshi & Shah,
Chartered Accountants (Firm Registration No. 144627W)
257, Gurunanak Motor Market,
Khotachi Wadi, V P Road, Prathana Samaj,
Charni Road, Mumbai – 400004 MH IN

INTERNAL AUDITOR:

M/s. Ashish Mittal & Associates
Chartered Accountants (Firm Registration No. 019185C)
2nd Floor, Samarth Building above HDB Financial Services,
CA Road, Gandhibagh, Nagpur -400001 MH IN

SECRETARIAL AUDITOR:

Parag Dasarwar
Practicing Company Secretary
Plot Q 22, Flat No.402, Laxmivasudev Apartment,
Laxminagar, Nagpur – 440022 MH IN

BANKERS:

Bank of Maharashtra, Dharampet Branch, Nagpur

AUDIT COMMITTEE:

Mr. Prashantkumar Lahoti - Chairman
Mr. Shrikant Bhangdiya - Member
Mr. Niresh Maheshwari - Member

NOMINATION & REMUNERATION COMMITTEE:

Mr. Prashantkumar Lahoti - Chairman
Mrs. Sonal Bhangdiya - Member
Mr. Niresh Maheshwari - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE:

Mr. Prashantkumar Lahoti - Chairman
Mr. Shrikant Bhangdiya - Member
Mr. Niresh Maheshwari - Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Shrikant Bhangdiya - Chairman
Mr. Prashantkumar Lahoti - Member
Mr. Niresh Maheshwari - Member

REGISTRAR & SHARE TRANSFER AGENTS:

M/s. Purva Sharegistry (I) Private Limited
9 Shiv Shakti Industrial Estate,
J.R. Boricha Marg, Near Lodha Excelus
Lower Parel (E), Mumbai, 400011
Phone Number: 49614132 / 31998810,
Website: www.purvashare.com
Email- support@purvashare.com

LISTED AT:

Bombay Stock Exchange Limited

DEMAT ISIN NUMBER IN NSDL & CDSL:

INE754D01018

WEBSITE:

www.sobhagyaltd.com

INVESTOR E-MAIL ID:

sobhagyamercantile9@gmail.com

NOTICE

Notice is hereby given that the 39th Annual General Meeting of members of **M/s. Sobhagya Mercantile Limited** will be held on **Friday, the 29th day of September, 2023 at 11.00 A.M.** Through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended 31st March 2023, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Sonal Kirtikumar Bhangdiya (DIN: 03416775), who retires by rotation and being eligible, offers herself for re-appointment.

**For and on behalf of the Board of
Sobhagya Mercantile Limited**

Sd/-
Shrikant Bhangdiya
Managing Director
(DIN: 02628216)

Place: Nagpur
Date: 02nd September, 2023

NOTES:

1. 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. The deemed venue for the AGM shall be the Registered Office of the Company.
2. 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, hence the Proxy Form and Attendance Slip are not annexed hereto. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. 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 200 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.
4. 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.
5. 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 e-voting throughout AGM will be provided by NSDL.
6. 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.sobhagyald.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e., BSE Limited at www.bseindia.com 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.
7. 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.
8. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
9. In pursuance of Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, details in respect of the Directors seeking appointment/ re-appointment at the AGM, form part of this Notice.
10. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, September 23, 2023 to Friday, September 29, 2023 (both days inclusive).
11. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participant(s) (DPs) in case the shares are held by them in electronic form and to Registrar and Share Transfer Agent in case the shares are held by them in physical form.

12. The Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's at sobhagyamercantile9@gmail.com or to Registrar and Share Transfer Agent, M/s . Purva Sharegistry (I) Private Limited at support@purvashare.com. Members are requested to submit request letter mentioning the Folio No., name and address of the Member along with the scanned copy of the Share Certificate (front and back) and self-attested copy of PAN and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member card for updation of email address.
13. Corporate Members (i.e other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative for the purpose of voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to pdcsngp@gmail.com with a copy marked to sobhagyamercantile9@gmail.com
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of dividend. Members holding shares in DEMAT mode are requested to submit their Bank details viz. Bank Account Number, Name of the Bank, Branch details, MICR Code, IFS Code to the Depository Participants with whom they are maintaining their DEMAT account and Members holding shares in physical mode are requested to submit the said bank details to the Company's Registrar & Share Transfer Agent.
16. The Securities and Exchange Board of India issued a circular for submission of Aadhar number by every participant in securities market. Members holding shares in DEMAT form are, therefore, requested to submit Aadhar Card details to the Depository Participants with whom they have DEMAT accounts. Members holding shares in physical form can submit their Aadhar card details to the Company's Registrar and Share Transfer Agents (M/s. Purva Sharegistry (I) Private Limited).
17. In compliance with MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the financial year 2022-23 is being sent only through electronic mode to those Members whose e-mail address is registered with the company or the Registrar and Share Transfer Agent (RTA) of the Company or their respective Depository Participant(s). Members may note that the Notice and Annual Report for the financial year 2022-23 is available on the website of the company at www.sobhagyaltd.com and on the websites of Stock Exchanges i.e. BSE Limited (www.bseindia.com).
18. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Purva Sharegistry (I) Private Limited, Share Transfer Agents of the Company for their doing the needful.
19. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
20. The members may kindly note that no gifts or gift coupons or cash in lieu of gifts will be distributed at or in connection with the AGM.
21. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission/transposition, DEMAT / REMAT, change of address, issue of duplicate shares certificates, ECS and nomination facility.
22. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.

For any communication, the shareholders may also send requests to the Company's investor email id: sobhagyamercantile9@gmail.com
23. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the registered office of the

Company during the office hours, on all working days between 10.00 a.m. to 5.00 p.m. up to the date of Annual General Meeting.

24. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Company which are open for inspection at the Registered Office of the Company, during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. up to the date of Annual General Meeting.
25. Pursuant to SEBI Circular SEBI/HO/MIRSD/DOPI/CIR/P/2018/73 dated 20th April, 2018, shareholders holding shares in physical form whose folio do not have / have incomplete details with respect to PAN and bank particulars are mandatorily required to furnish the PAN and bank account details to the Company's Registrar & Transfer Agent (RTA) for registration under their folio. Further, as per the said circular all the unclaimed/ unpaid dividends also will be paid via electronic bank transfers only. Hence, the shareholders are requested to update their PAN and bank details.
26. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, w.e.f. April 1, 2019 the transfer of securities of listed companies shall not be processed unless the securities are held in the dematerialized form (DEMAT) with a depository. Hence, the members of the company are requested to dematerialize their shareholding to avail the benefits of dematerialization.
27. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members

are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agent.

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

The remote e-voting period begins on Tuesday, 26th September, 2023 at 10:00 A.M. and ends on Thursday, 28th September, 2023 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. 22nd September, 2023, 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 22nd September, 2023.

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. | <ol style="list-style-type: none"> <li data-bbox="558 313 1455 716">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. <li data-bbox="558 716 1455 851">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 <li data-bbox="558 851 1455 1276">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 (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. <li data-bbox="558 1276 1455 1388">Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <div data-bbox="635 1400 1029 1635" style="border: 1px solid black; padding: 5px; text-align: center;"> <p>NSDL Mobile App is available on</p> <p>  App Store  Google Play </p> <div style="display: flex; justify-content: space-around;">   </div> </div> |
| Individual Shareholders holding securities in demat mode with CDSL | <ol style="list-style-type: none"> <li data-bbox="558 1635 1455 1825">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/login or www.cdslindia.com and click on New System Myeasi. <li data-bbox="558 1825 1455 1933">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. |

| Type of shareholders | Login Method |
|--|--|
| | <ol style="list-style-type: none"> If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 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. |
| 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. |

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:**

| | |
|--|--|
| a) 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*****. |
| b) 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*****. |
| c) 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***. |

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

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) 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'.

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

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) 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.
- b) Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) 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.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

8. Now, you will have to click on "Login" button.

9. 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?

1. 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.
2. 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 General Meeting”.

3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. 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 pdcsngp@gmail.com with a copy marked to evoting@nsdl.co.in.
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

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 sobhagyamercantile9@gmail.com.

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 sobhagyamercantile9@gmail.com. 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 General 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 sobhagyamercantile9@gmail.com. The same will be replied by the company suitably.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company's registered email id i.e. sobhagyamercantile9@gmail.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company's registered email id i.e. sobhagyamercantile9@gmail.com. These queries will be replied by the company suitably by email.

**For and on behalf of the Board of
Sobhagya Mercantile Limited**

Sd/-
Shrikant Bhangdiya
Managing Director
(DIN: 02628216)

Place: Nagpur
Date: 02nd September, 2023

ANNEXURE TO THE NOTICE

Brief profile of the Directors seeking appointment/re-appointment, in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Secretarial Standard, is furnished below:

i) Mrs. Sonal Kirtikumar Bhangdiya

| | |
|---|--|
| DIN | 03416775 |
| Category of Director | Non-executive and Non-independent Director |
| Date of Birth | 08/12/1981 |
| Date of Appointment | 09/08/2019 |
| Qualification | B.Com |
| Expertise in specific functional areas | Commerce |
| Directorships held in other companies as on the date of the Notice | 1 |
| Memberships / Chairmanships of committees of the Board of other companies in which she is a director as on the date of the Notice | NIL |
| Terms and conditions of appointment/re-appointment | Liable to retire by rotation |
| Number of shares held in the Company | 14457 |
| Number of Board Meetings attended during the financial year 2022-23 | 10 |
| Remuneration | 12 lakh |
| Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the company | Sister-in-law of Mr. Shrikant Bhangdiya |

DIRECTORS' REPORT

To,
The Members,
SOBHAGYA MERCANTILE LIMITED.

The Board of Directors hereby present the report of the business and operations of your Company ('the Company' or 'Sobhagya') along with the audited financial statements for the financial year ended March 31, 2023.

1. FINANCIAL SUMMARY/HIGHLIGHTS:

The highlights of the standalone performance of the Company during the fiscal are given hereunder:

| Particulars | (₹ in Lakhs) | |
|---|----------------|----------------|
| | 2022-23 | 2021-22 |
| Total Income | 11,208.01 | 7161.89 |
| Less: Total Expenditure | 9768.55 | 5856.68 |
| Profit/(Loss) before tax | 1439.46 | 1305.22 |
| Less: Tax Expenses | 366.70 | 209.28 |
| Profit/(Loss) after tax | 1072.76 | 1095.94 |
| Add: Other comprehensive Income, net of income Tax | (0.52) | 1.91 |
| Profit/Loss and other Comprehensive income during the year | 1072.24 | 1097.84 |

2. OVERVIEW & STATE OF THE COMPANY'S AFFAIRS:

During the year under review, the Company has recorded an income of ₹ 11,208.01 Lakhs and Profit of ₹ 1072.24 Lakhs as against the income of ₹ 7161.89 Lakhs and profit of ₹ 1097.84 Lakhs in the previous financial year ending 31.03.2022. The Company is looking forward for good profit margins in near future.

3. DIVIDEND:

The Company has earned profit of ₹ 1072.24 lakhs in the financial year 2022-23. The Board of directors decided to plough back the profit in the operations of the company. The Board therefore does not recommend any dividend on equity capital for the financial year 2022-23.

4. TRANSFER TO RESERVES:

Pursuant to provisions of Section 134(3)(j) of the Companies Act, 2013, the company has not transferred any amount to reserves of the company during the year under review.

5. MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

During the period under review, following are the material changes and commitments affecting th financial position of the Company have been

occurred between the end of the financial year and the date of this report: -

1. The Board of directors of the Company has approved the raising of funds, through the issuance of equity shares of the Company (the "Equity Shares") for an amount not exceeding ₹ 25 (Twenty-five) crores by way of a rights issue to the eligible equity shareholders of the Company as on the record date (to be determined and notified subsequently), in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and other applicable laws, as amended from time to time, at such price and on such terms and conditions as may be decided by the Board or a duly constituted committee of the Board in accordance with applicable laws, subject to receipt of necessary approvals, as may be required in their meeting held on Saturday, 12th August, 2023.
2. The Board of Directors of the Company has approved the proposal for setting up of steel plant at Gadchiroli District Maharashtra, in their meeting held on Saturday, 12 August, 2023.

6. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

No significant or material orders have been passed against the Company by the Regulators, Courts or Tribunals, which impacts the going concern status and company's operations in future.

7. TRANSFER OF UN-CLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

There is no such amount of Un-paid or Unclaimed Dividend be transferred to Investor and Education and Protection Fund for the financial year ended 31st March 2023.

8. REVISION OF FINANCIAL STATEMENTS:

There was no revision of the financial statements for the year under review.

9. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of Business during the year under review.

10. DEPOSITS FROM PUBLIC:

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Pursuant to the Ministry of Corporate Affairs (MCA) notification dated 22nd January 2019 amending the Companies (Acceptance of Deposits) Rules, 2014, the Company is required to file with the Registrar of Companies (ROC) requisite returns in Form DPT-3 for outstanding receipt of money/ loan by the Company, which is not considered as deposits.

The Company would be complying with this requirement within the prescribed timelines.

11. SUBSIDIARY COMPANIES:

Your Company has no subsidiaries as on March 31, 2023.

12. SELECTION AND PROCEDURE FOR NOMINATION AND APPOINTMENT OF DIRECTORS:

The Company has a Nomination and Remuneration Committee ("NRC") which is responsible for developing competency requirements for the Board, based on the industry and strategy of the Company. The Board composition analysis reflects an in-depth understanding of the Company, including its strategies, environment,

operations, and financial condition and compliance requirements.

The NRC makes recommendations to the Board in regard to appointment of new Directors and Key Managerial Personnel ("KMP") and senior management. The role of the NRC encompasses conducting a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The NRC is also responsible for reviewing the profiles of potential candidates' vis-à-vis the required competencies; undertake a reference and due diligence and meeting of potential candidates prior to making recommendations of their nomination to the Board.

The appointee is also briefed about the specific requirements for the position including expert knowledge expected at the time of appointment.

13. CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR:

In terms of the provisions of Section 178(3) of the Act, and Regulation 19 of the Listing Regulations, the NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors, the key features of which are as follows:

Qualifications – The Board nomination process encourages diversity of thought, experience, knowledge, age and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.

Positive Attributes - Apart from the duties of Directors as prescribed in the Act the Directors are expected to demonstrate high standards of ethical behaviour, communication skills and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.

Independence - A Director will be considered independent if he / she meets the criteria laid down in Section 149(6) of the Act, the Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations.

14. INDEPENDENT DIRECTOR'S FAMILIARIZATION PROGRAMMES:

The familiarization program aims to provide the Independent Directors with the scenario within the Companies Business Activity, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company,

significant development so as to enable them to take well-informed decisions in timely manner. The familiarization programme also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes.

The policy on Company's familiarization programme for Independent Directors is hosted on your Company's website and its web link is www.sobhagyaltd.com.

15. PERFORMANCE EVALUATION:

Pursuant to the provisions of Section 134 (3) (p) of the Companies Act, 2013 and under Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Board of Directors has undertaken an annual evaluation of its own performance, performance of its various Committees and individual Directors.

16. MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES:

The information required under Section 197 of the Act read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished in Annexure II and annexed to the Directors Report.

Particulars of employees drawing remuneration in excess of limits prescribed under Section 197 of the Act read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

There are no employees drawing remuneration exceeding Rupees One crore and two Lakhs per annum if employed throughout the financial year or Rupees Eight Lakh and Fifty Thousand per month if employed for part of the financial year or draws remuneration in excess of Managing Director or Whole time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

17. NUMBER OF BOARD MEETINGS:

During the year, ten (10) meetings of the Board of Directors of the Company were held on 22/04/2022, 30/05/2022, 20/08/2022, 05/09/2022, 01/11/2022, 14/11/2022, 22/11/2022, 20/01/2023, 14/02/2023 and 13/03/2023. The details of the meetings are furnished in the Corporate Governance Report which is attached to this Report.

18. COMMITTEES OF THE BOARD:

Currently, the Board has four Committees namely, Audit Committee, Nomination and Remuneration

Committee, Stakeholder Relationship Committee and Corporate Social Responsibility Committee. A detailed note on composition of the Board and its committee is provided in the Corporate Governance Report attached to this report.

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Niresh Maheshwari was appointed as an Independent Director of the Company for a term of 5 years with effect from 20th August, 2022.

Mrs. Sonal Kirtikumar Bhangdiya, Director retires by rotation at the ensuing AGM and being eligible, offers herself for re-appointment.

During the Year under review, there was no appointment of Key Managerial Personnel (KMP).

20. STATUTORY AUDITORS:

M/s. Joshi & Shah, Chartered Accountants, Mumbai (Firm Registration No. 144627W) were appointed as Statutory Auditor of your Company in 36th Annual General Meeting to hold office until the conclusion of the 41st Annual General Meeting.

The report given by the Auditors on the financial statements of the Company is a part of the Annual Report.

The Auditors have not expressed a qualified opinion in their Audit Report for Financial Year ended 31st March, 2023.

The Statutory Auditor of the Company has not reported any instances of fraud as specified under Section 143(12) of the Companies Act, 2013.

21. INTERNAL AUDITORS:

Pursuant to provisions of Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014 and Section 179 read with Rule 8(4) of the Companies (Meetings of Board and its Powers) Rules, 2014; M/s. Ashish Mittal & Associates, Chartered Accountants (Firm Registration No. 019185C) were appointed as Internal Auditors of the Company for the Financial Year 2022-23.

Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementations are reviewed by the Audit Committee and concerns, if any, are reported to Board.

22. SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, based upon the recommendations of the Audit Committee, the Board of Directors had appointed M/s. Parag Dasarwar, Practicing Company Secretary, Nagpur to undertake the Secretarial Audit of the Company for financial year 2022-23.

23. AUDIT REPORTS:

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made, if any —

(a) Statutory Auditors Report:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the financial year ended March 31, 2023 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the market expected in view of the rapid global challenges.

The Auditors Report annexed with this Annual Report, does not contain any qualification, reservation or adverse remarks.

(b) Secretarial Audit Report:

The Secretarial Audit was carried out by M/s. Parag Dasarwar, Practicing Company Secretary, for the financial year ended March 31, 2023. The Report given by the Secretarial Auditor is annexed herewith as Annexure III and forms integral part of this Report.

24. NO FRAUDS REPORTED BY STATUTORY AUDITORS:

During the Financial Year 2022-23, the Auditors have not reported any matter under section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under section 134(3)(ca) of the Companies Act, 2013.

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

The required information as per Sec.134 (3) (m) of the Companies Act 2013 is provided hereunder and Rule 8 of the Companies (Accounts) Rules, 2014:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible

by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

1. Research and Development (R&D): NIL
2. Technology absorption, adoption and innovation: NIL

C. Foreign Exchange Earnings and Out Go:

1. Foreign Exchange Earnings: Nil
2. Foreign Exchange Outgo: Nil

26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the financial year 2022-23 is as annexed hereto.

27. RISK MANAGEMENT POLICY:

The Board of Directors has developed risk management policy so as to identify elements of risk in different areas of operations and to take necessary actions to mitigate the risks. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.

28. CORPORATE GOVERNANCE:

During the Year under review, pursuant to the Provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance is applicable to the company since the net worth of the company exceeds ₹ 25 crores for F.Y. 2022-23.

A Report on Corporate Governance along with certificate from Practicing Company Secretary confirming the Compliance of the condition of Corporate Governance as stipulated in the Listing Regulations, 2015 is annexed and forms an integral part of this Annual report.

29. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

In compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the Company has formulated and adopted the revised 'Code of Conduct to regulate, monitor and report trading by designated persons in Listed or Proposed to be Listed Securities' of the Company. The object of the Code is to set up framework, rules and procedures to be followed, and disclosures to be made while dealing with shares of the Company. The code has been formulated to protect the interest of shareholders

at large and to prevent misuse of any unpublished price sensitive information ('UPSI') and to prevent any insider trading activity by dealing in shares of the Company by its Directors, Designated Persons, Employees and their immediate relatives and to maintain the highest ethical standards of dealing in Company securities.

The Company has also adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in line with the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018 and Policy and procedure for Inquiry into leak or suspected leak of UPSI. Code of conduct for the prevention of insider trading is available on the Company's website www.sobhagyaltd.com.

30. ANNUAL RETURN:

The Annual Return pursuant to the provision of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, will be available on the website of the Company at www.sobhagyaltd.com.

31. AUTHORISED AND PAID-UP CAPITAL OF THE COMPANY:

During the year under review, the authorized capital of the company is ₹ 5,00,00,000/- (Rupees Five Crore Only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each and paid-up capital of the Company is ₹ 24,00,000/- (Rupees Twenty-four Lakhs only) divided into 2,40,000 equity shares of ₹ 10/- each.

32. DECLARATION OF INDEPENDENCE:

The Company has received declarations from all the Independent Directors of the Company under section 149(7) of the Companies Act, 2013, confirming that they meet with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(b) read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

33. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION AND OTHER DETAILS:

The Board Governance, Nomination & Remuneration Committee has framed a policy for selection and appointment of Directors including determining qualifications and independence of a Director, Key Managerial Personnel (KMP), senior management personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the Companies Act, 2013.

Pursuant to Section 134(3) of the Companies Act, 2013, the nomination and remuneration policy of the Company which lays down the criteria for determining qualifications, competencies, positive attributes and independence for appointment of Directors and policies of the Company relating to remuneration of Directors, KMP and other employees is available on the Company's website at www.sobhagyaltd.com.

34. DIRECTOR'S RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that: -

- a) in the preparation of the annual accounts for the financial year ended 31 March 2023, the applicable accounting standards and schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31 March 2023 and the profit of the Company for the financial year ended 31 March 2023;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws were followed and that such systems were adequate and operating effectively.

35. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The Company has adopted Whistle Blower policy/Vigil Mechanism. The details of establishment of such mechanism are disclosed on the website of the Company at www.sobhagyaltd.com.

36. EMPLOYEE STOCK OPTION SCHEME:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014.

37. CORPORATE SOCIAL RESPONSIBILITY:

Since, the company has earned a net profit of ₹5 crore or more during financial year 2022-2023, hence Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is applicable for F.Y. 2022-2023 and the company will comply with the same as per CSR policy and Section 135 of the Companies Act, 2013.

The brief outline of the Corporate Social Responsibility ("CSR") Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out as Annexure IV to this report in the format prescribed in the Companies (CSR Policy) Rules, 2014. For other details regarding the CSR Committee, refer to the Corporate Governance Report, which is a part of this report. The policy is available on the website of the Company.

38. SECRETARIAL STANDARDS:

The company is in compliance with Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

39. INSURANCE:

The properties and assets of your Company are adequately insured.

40. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The details of loans, guarantee and investment, if any, made under Section 186 of the Companies Act, 2013 are provided in the financial statements attached to this report.

41. INTERNAL FINANCIAL CONTROL SYSTEMS:

Your Company has well laid out policies on financial reporting, asset management, adherence to Management policies and also on promoting compliance of ethical and well-defined standards. The Company follows an exhaustive budgetary control and standard costing system. Moreover, the management team regularly meets to monitor goals and results and scrutinizes reasons for deviations in order to take necessary corrective steps. The Audit Committee which meets at regular

intervals also reviews the internal control systems with the Management and the internal auditors. The internal audit is conducted at the Company and covers all key areas. All audit observations and follow up actions are discussed with the Management as also the Statutory Auditors and the Audit Committee reviews them regularly.

42. RELATED PARTY TRANSACTIONS:

All related party transactions that are entered into during the financial year are on arm's length basis and in the ordinary course of business. Approval of Audit Committee is obtained for Related Party Transactions. The Related Party transactions effected during the financial year are disclosed in the notes to the Financial Statement.

The Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure- I to this report.

43. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

The Company has adopted a Policy on Prevention, Prohibition, and Redressal of Sexual Harassment at workplace.

This is in line with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') and the Rules made thereunder. A Committee has been set up to redress complaints received regarding Sexual harassments. During the year under review, there were no Complaints pertaining to sexual harassment.

44. THE DETAILS OF THE DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

The disclosure under this clause is not applicable as the Company has not undertaken any one-time settlement with the banks or financial institutions.

45. THE DETAILS OF AN APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR.

As on the date of this Report, Company has no proceedings pending cases under the Insolvency and Bankruptcy Code, 2016.

46. GREEN INITIATIVE:

In the line with the 'Green initiative', the Company has affected electronic delivery of the Annual Report 2022- 23 are sent to all members whose email addresses are registered with Depository Participants/ M/s Purva Shareregistry (I) Private Limited (Company's Registrar and Share Transfer Agent). Your Company would encourage other Members also to register themselves for receiving Annual Report in electronic form.

47. OTHER DISCLOSURES:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.

- c. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

48. APPRECIATION & ACKNOWLEDGEMENT:

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the investors, customers, business associates, bankers, vendors, as well as regulatory and governmental authorities. Your Directors also thanks the employees at all levels, who through their dedication, co-operation, support and smart work have enabled the company to achieve a moderate growth and is determined to poise a rapid and remarkable growth in the year to come.

Your Directors also wish to place on record their appreciation of business constituents, banks and other "financial institutions and shareholders of the Company like SEBI, BSE, NSDL, and etc. for their continued support for the growth of the Company.

**For and on behalf of the Board of
Sobhagya Mercantile Limited**

Place: Nagpur
Date: 02nd September, 2023

Sd/-
Shrikant Bhangdiya
Managing Director
(DIN: 02628216)

Sd/-
Sonal Bhangdiya
Director
(DIN: 03416775)

ANNEXURE I

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 arms length transaction under third proviso thereto.

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS.

List of Related Parties:

Related party in which directors are interested

Balaji Stone Crusher & Infraventures Pvt Ltd.
Kitadi Torgaon Highway Pvt. Ltd.
Mahendra Construction
Mks Acme-Build Pvt Ltd
Mks Constro -Venture Pvt. Ltd.
Mks Flexituff Ltd.
Mks Industries
Mnec – Mks (Jv)
Mul Podsa Roadways Pvt Ltd
Shankarpur Chimur Highway Pvt Ltd
Shanta Infraventure
Surbodi Bhisi 167 Highway Pvt. Ltd.
B. K. Buildcon
Hps Construction
R.B. Infra
Lokshahi Publication Pvt. Ltd

Key Managerial Personnel and Director

Mr. Shrikant Bhangdiya – Managing Director
Mrs Sonal Bhangdiya – Director

Relatives of Key Managerial Personnel

Aarti Bhangdiya – Wife of Director
Kirti Kumar Bhangdiya
M G Bhangdiya

Directors are Trustees in the Trust

Bhangdiya Foundation

| | | (₹ in Lakhs) | |
|-------------------------------------|-------------------------|----------------|----------------|
| Name of the Party | Nature of transaction | March 31, 2023 | March 31, 2022 |
| Mr. Shrikant Bhangdiya | Managerial Remuneration | 60.00 | 60.00 |
| Mrs. Sonal Kirtikumar Bhangdiya | Managerial Remuneration | 12.00 | 14.00 |
| MKS Acme Build Private Limited | Interest free loan | | |
| | - given | 321.00 | - |
| | - repayment received | 300.00 | 5.50 |
| | - taken | - | 6.50 |
| | - repaid | - | - |
| MKS Constro-Venture Private Limited | 1. Sales | 7965.56 | 140.17 |
| | 2. Purchase | - | - |
| | 3. Loan | | |
| | - Given | 1619.63 | - |
| | - repayment received | 1668.38 | - |
| | - Taken | - | 1756.65 |
| | - Repaid | - | 1821.41 |
| MKS Flexituff Limited | Advance | | |
| | - Given | 10.00 | 114.5 |
| | - Repaid | - | 157.01 |
| MNEC – MKS (JV) | Sales | 247.30 | 375.6 |

(₹ in Lakhs)

| Name of the Party | Nature of transaction | March 31, 2023 | March 31, 2022 |
|---|--------------------------|----------------|----------------|
| BK Buildcon | 1. Share of Profit | 20.00 | 236.97 |
| | 2. Investment made | | |
| | 3. Sales | 2312.06 | 2480.27 |
| | 4. Loan | | |
| | - Given | 42.87 | 280.42 |
| | - Repayment received | 413.46 | 168.35 |
| HPS Construction | 1. Sales | 425.38 | 775.00 |
| | 2. Share of Profit | 0.93 | 30.97 |
| | 3. Investment Made | - | - |
| | 4. Loan | 260.46 | 146.41 |
| | - Given | 395.80 | 316.98 |
| | - Repayment received | | |
| RB Infra | 1. Share of Profit | 1.66 | 226.71 |
| | 2. Investment Made | - | 463.06 |
| | 3. Investment Repaid | 312.51 | - |
| | 4. Loan | - | - |
| | - Given | 317.36 | - |
| | - Repayment Received | 317.36 | - |
| 5. Purchase | 9.25 | - | |
| 6. Sales | 1745.29 | 2194.65 | |
| Shanta Infraventure | 1. Share of Profit | 2.89 | 7.97 |
| | 2. Investment Made | - | 63.09 |
| | 3. Loan | - | - |
| | - Given | 145.10 | - |
| - Repayment received | 5.01 | - | |
| 4. Sales | - | 23.26 | |
| Mahendra Construction | Purchase | - | 162.13 |
| | Advance against Services | - | - |
| Balaji Stone Crusher & Infraventures Pvt Ltd. | Loan Given | - | 0.50 |
| Bhangdiya Foundation (L & A) | Loan Given | 6.90 | 3.00 |
| | Repayment received | 6.90 | - |
| Shrikant Bhangdiya | Loan Taken | - | 120.59 |
| | Repaid | - | 120.59 |
| Aarti Bhangdiya | Loan Taken | - | - |
| | Repaid | - | - |
| Lokshahi Publication Pvt. Ltd. | Loan Taken | - | - |
| | Repaid | - | - |
| Kirtikumar Bhangadiya-USL | Loan -Given | 5.00 | - |
| | -Repayment received | 5.00 | - |
| Surbodi Bhis 167 Highway Pvt. Ltd. | Loan -Given | - | 578.45 |
| | -Repayment received | - | 21.65 |
| | -Sales | 62.70 | - |
| | | | |
| Shankarpur Chimur Highway Pvt Ltd | Loan -Given | 4.74 | 39.50 |
| | -Repayment received | .47 | 0 |
| | -Sales | .00 | 0 |
| | | | |
| Mul Podsa Roadways Pvt Ltd | Loan -Given | - | 897.00 |
| | -Repayment received | - | - |
| | -Sales | - | - |
| | | | |
| Kitadi Torgaon Highway Pvt. Ltd. | Loan -Given | - | 1100.00 |
| | -Repayment received | - | - |
| | -Sales | - | - |
| | | | |

**For and on behalf of the Board of
Sobhagya Mercantile Limited**

Sd/-

Shrikant Bhangdiya

Managing Director

(DIN: 02628216)

Place: Nagpur
Date: 2nd September, 2023

ANNEXURE II

DISCLOSURE FOR RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS AS PER 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 employees of the company for the financial year 2022-23:

| Name | Remuneration for F.Y. 2022-23 | Median remuneration of employees F.Y. 2022-23 | Ratio of the remuneration of each Directors/to median remuneration of the employees |
|---------------------------------|-------------------------------|---|---|
| Mr. Shrikant Bhangdiya | 60 | 2.88 | 20.83:1 |
| Mrs. Sonal Kirtikumar Bhangdiya | 12 | 2.88 | 4.17:1 |

2. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company:

| Name | % Increase in the remuneration |
|---------------------------------|--------------------------------|
| Mr. Shrikant Bhangdiya | - |
| Mrs. Sonal Kirtikumar Bhangdiya | - |
| Mr. Anil Khawale | 13.33 |
| Mrs. Shalinee Singh | 9.09 |

3. The percentage increase in the median remuneration of employees in the financial year: -4.00 %
4. The number of permanent employees on the rolls of the Company: The Company has chosen to outsource its entire payroll management to MKS Multimedia Private Limited. During the financial year 2022-23, MKS Multimedia Private Limited has engaged approximately 39 employees to work for the Company. These employees are essentially performing roles within the Company, even though they are on the payroll of MKS Multimedia Private Limited.
5. Average percentage increase in the salaries of employees, other than the managerial personnel, for the FY 2022-23 was -7.55 %. The average percentage increase in the salaries of the managerial personnel for the FY 2022-23 was 21.32%
6. It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and other Employees is as per the Remuneration Policy of the Company: The Company affirms that remuneration is as per remuneration policy.
7. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: Not Applicable

**For and on behalf of the Board of
Sobhagya Mercantile Limited**

Sd/-

Shrikant Bhangdiya

Managing Director
(DIN: 02628216)

Place: Nagpur
Date: 02nd September, 2023

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
SOBHAYGYA MERCANTILE LIMITED
CIN: L45100MH1983PLC031671
B-61, Floor 6, Plot No 210 B Wing Mittal Tower
Free Press Journal Marg Nariman Point Mumbai
City 400021

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SOBHAYGYA MERCANTILE LIMITED** (hereinafter referred to as 'the Company') having CIN:- L45100MH1983PLC031671. The Secretarial Audit was conducted for the Financial Year from 1st April 2022 to 31st March, 2023 in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the SOBHAYGYA MERCANTILE LIMITED 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 authorised representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 ("**Audit Period**"), complied with the statutory provisions listed hereunder, as amended from time to time 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:

During the audit process, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 (FEMA) and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECBs) were not applicable as there was no reportable event during the financial year 2022-2023.

(v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not applicable as there was no reportable event during the financial year under review;**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015:- **Not applicable as there was no reportable event during the financial year under review**
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018:- **Not applicable as there was no reportable event during the financial year under review;**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **-Not applicable as there was no reportable event during the financial year under review;**
- (e) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **-Not applicable as there was no reportable event during the financial year under review;**
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **- Not applicable as there was no reportable event during the financial year under review**

(g) The Securities and Exchange Board of India (Registrars to an Issue & Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; **-Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review;**

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and **- Not applicable as there was no reportable event during the financial year under review;**

(i) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulation, 2015;

(vi) Based on the information provided by the management of the Company, the Company has adequate compliance management system in place which running effectively and efficiently for the Compliances of General Laws as specified by the directives issued by the Institute of Company Secretaries of India. We 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 have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered by the Company with BSE Limited.

I further report that:

I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

II. Adequate notices were given to all the 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 meetings and for meaningful participation at the meetings.

III. During the year under review, all the decisions at the meetings of the Board and Committees thereof, were carried out unanimously as the Minutes of these Meetings did not reveal any dissenting member's view.

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, Standards, etc.

I further report that during the audit period, there were no instances of:

I) Public/Right/ debentures/sweat equity, etc.

II) Redemption/ buy-back of securities

III) Merger/ amalgamation/ reconstruction,

IV) Foreign technical collaborations

I further report that no specific event having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Standards, etc., has taken place during the year under review.

FOR **PARAG DASARWAR**
COMPANY SECRETARIES

Sd/-

Parag Dasarwar

Company Secretary

Proprietor

FCS No. 9304

CP No.: 8227

UDIN: F009304E000746227

Place: Nagpur

Date: 05.08.2023

Notes on the Secretarial Audit report of Sobhaygya Mercantile Limited:

Our report of event date is to be read along with the following notes:-

1. 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.
2. 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. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial statements and books of accounts of the company. Further, the scope of our audit does not include financial laws and allied acts.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

FOR **PARAG DASARWAR**
COMPANY SECRETARIES

Sd/-

Parag Dasarwar

Company Secretary

Proprietor

FCS No. 9304

CP No.: 8227

UDIN: F009304E000746227

Place: Nagpur

Date: 05.08.2023

Annexure - IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

The CSR policy has been framed in accordance with the Section 135, Schedule VII of the Companies Act, 2013 and CSR Rules issued by the Ministry of Corporate Affairs on February 27, 2014.

The objective of the policy is to actively contribute to the social, environmental and economic development of the society in which we operate.

2. COMPOSITION OF CSR COMMITTEE:

| Sl. No. | Name of Director | Designation / Nature of Directorship | No. of meetings of CSR Committee held during the year | No. of meetings of CSR Committee attended during the year |
|---------|---|--------------------------------------|---|---|
| 1. | Mr. Shrikant Mitesh Bhangdiya (Chairman) (w.e.f. 14 th February, 2023) | Managing Director | 3 | 3 |
| 2. | Mr. Prashantkumar Lahoti (Chairman till 14 th February, 2023) | Independent Director | 3 | 3 |
| 3. | Mrs. Sonal Kirtikumar Bhangdiya (Member) (up to 20 th August, 2022) | Non-Executive Director | 1 | 1 |
| 4. | Mr. Niresh Maheshwari (Member) (w.e.f. 20 th August, 2022) | Independent Director | 2 | 2 |

During the year, the CSR Committee was reconstituted on 20th August, 2022 and 14th February, 2023

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company:

Composition of CSR committee www.sobhagyaltd.com

CSR Policy and CSR projects www.sobhagyaltd.com

4. The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. - Not Applicable

5. (a) Average net profit of the company as per sub-section (5) of section 135.- ₹ 107281392

(b) Two percent of average net profit of the company as per sub-section (5) of section 135.- ₹ 2145628

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. - NIL

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

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]. - ₹ 2145628

6. (a) Amount spent on CSR Projects (other than Ongoing Project). - ₹ 690000

(b) Amount spent in Administrative Overheads. - Not Applicable

(c) Amount spent on Impact Assessment, if applicable. -Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. - ₹ 690000

(e) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹) | | | | |
|--|---|---|------------------|---------|-------------------|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135 | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135 | | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer. |
| 690000 | - | - | - | 1455628 | - |

(f) Excess amount for set off, if any-NIL

| Sl. No. | Particulars | Amount (in ₹) |
|---------|---|---------------|
| (1) | (2) | (3) |
| i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | 2145628 |
| ii) | Total amount spent for the financial year | 690000 |
| iii) | Excess amount spent for the financial year [(ii)-(i)] | NIL |
| iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | NIL |
| v) | Amount available for set off in succeeding financial years[(iii)-(iv)] | NIL |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section(6) of Section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | | | Deficiency, if any |
|---------|-----------------------------|--|---|---|--|---------------|------------------|--------------------|
| | | | | | Name of the Fund | Amount (in ₹) | Date of Transfer | |
| 1 | 2021-22 | - | - | - | - | - | - | |
| 2 | 2020-21 | - | - | - | - | 4,24,612 | - | |
| 3 | 2019-20 | - | - | - | - | - | - | |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the company has failed to spend 2% of the average net profit as per sub-section (5) of Section 135.

- The Company could not spend the balance amount as the Company could not identify suitable projects.

For and on behalf of the Board of Sobhagya Mercantile Limited

Sd/-
Shrikant Mitesh Bhangdiya
 Chairman CSR Committee
 (DIN: : 02628216)

Sd/-
Sonal Kirtikumar Bhangdiya
 Director
 (DIN: 03416775)

Place: Nagpur

Date: 02nd September, 2023

REPORT ON CORPORATE GOVERNANCE

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the 'Listing Regulations'), a report on corporate governance is given hereunder:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. The Company's philosophy on corporate governance is to conduct its business with high standards of ethics and rigorous adherence to corporate governance in order to achieve transparency, accountability and business prosperity. We are committed to maximizing stakeholders value, be it shareholders, employees, customers, suppliers, investors, communities. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials, performance and governance of the Company.

The Company has code of conduct for employees including Directors and Senior Management Personnel. These codes are available on the Company's website.

2. BOARD OF DIRECTORS:

a) Composition of the Board of Directors

As on 31st March, 2023, the Board comprised of four (4) Directors, consisting of One Managing Director, One Non-Executive Non-Independent Woman Director and Two (2) Non-Executive Independent Directors.

During the year under review, Mr. Niresh Maheshwari (DIN: 06735182) was appointed as an independent director of the Company for a period of five consecutive years w.e.f. 20.08.2022.

The composition of the Board is in compliance with Regulation 17 of the Listing Regulations and Section 149 of the Companies Act, 2013 ("the Act") read with the relevant rules made thereunder as follow:

| Name of Directors | Category | Shareholding as on 31 st March, 2023 |
|---------------------------------|---|---|
| Mr. Prashantkumar Lahoti | Non- Executive Independent Director | Nil |
| Mr. Shrikant Mitesh Bhangdiya | Managing Director | 25002 |
| Mrs. Sonal Kirtikumar Bhangdiya | Non- Executive Non-Independent Director | 14457 |
| Mr. Niresh Maheshwari | Non- Executive Independent Director | Nil |

The Independent Directors are non-executive directors as defined under Regulation 16(1) (b) of the Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in conformity with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The number of Directorships, Committee Membership(s)/ Chairmanship(s) of all Directors are within respective limits prescribed under the Act and the Listing Regulations.

b) Attendance and no. of directorships/ committee membership(s)/ Chairmanship(s) held by the Directors in other companies

During the financial year 2022-23, Ten (10) Board Meetings were held on 22nd April, 2022, 30th May, 2022, 20th August, 2022, 5th September, 2022, 1st November, 2022, 14th November, 2022, 22nd November, 2022, 20th January, 2023, 14th February, 2023 and 13th March, 2023. all the meetings are held in accordance with the provisions of the Act. The maximum time gap between any two meetings was less than 120 days. The agenda for each meeting is prepared well in advance, along with explanatory notes wherever required and distributed to all Directors.

The attendance at Board Meetings held during the financial year and the number of Directorships in public and private companies,

Committee Chairmanships / Memberships held by them in other public companies as on 31st March 2023 are given herein below.

| Name of Directors | No. of Board Meetings Attended during the year 2022-2023 | Whether last Annual General Meeting held on 30 th September, 2022 Attended | No of Directorship in other Companies as on 31 st March, 2023 | No. of Committee position in other public Companies as on 31 st March, 2023 | |
|---------------------------------|--|---|--|--|----------|
| | | | | Member | Chairman |
| Mr. Prashantkumar Lahoti | 10 | Yes | 8 | 0 | 0 |
| Mr. Shrikant Mitesh Bhangdiya | 10 | Yes | 10 | 0 | 0 |
| Mrs. Sonal Kirtikumar Bhangdiya | 10 | Yes | 1 | 0 | 0 |
| Mr. Niresh Maheshwari | 8 | NA | 4 | 0 | 0 |

c) Mrs. Sonal Kirtikumar Bhangdiya, Director is the Sister-in-law of Mr. Shrikant Mitesh Bhangdiya, Managing Director of the Company. None of the other directors and key managerial personnel are related to each other.

d) Details of Familiarization programmes imparted to Independent Directors

Familiarisation Programme imparted to Independent Directors has been given on the Company's Website i.e. www.sobhagyaltd.com

e) Skills/expertise/ competencies of the Board of Directors

The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

| Sr. No. | Area of skills/expertise/ competencies |
|---------|--|
| 1. | Business Administration |
| 2. | Relevant Industry Experience including Core Operations |
| 3. | Strategic Planning and Business Operations |
| 4. | Accounting and Financial Reporting |
| 5. | Legal and Regulatory Compliance and Corporate Governance |
| 6. | Risk Management |

These skills/competencies are broad-based, encompassing several areas of expertise/ experience. Each Director may possess varied combinations of skills/experience within the described set of parameters, and it is not necessary that all Directors possess all skills/ experience listed therein.

f) Meeting of Independent Directors:

A separate meeting of Independent Directors, pursuant to Section 149(7) read with Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 was held on 14/02/2023.

3. AUDIT COMMITTEE

The Board has constituted an Audit Committee in compliance with Section 177 of the Act, read with Regulation 18 of the Listing Regulations. As on 31st March, 2023, the Audit Committee comprises of Three (3) Directors, out of which Two (2) are Non-Executive Independent Directors and One (1) is Managing Director.

The Audit Committee met five times on: 22nd April, 2022, 30th May, 2022, 20th August, 2022, 14th November, 2022 and 14th February, 2023. The necessary quorum was present for all the meetings.

The Details of Composition of Audit Committee and the number of Meetings held and attended by the Members during the F.Y. 2022-2023 are mentioned herein below:

| Name of Committee Members | Category | No of Meetings | |
|---|------------------------|----------------|----------|
| | | Held | Attended |
| Mr. Prashantkumar Lahoti (Chairman) | Independent Director | 5 | 5 |
| Mr. Shrikant Mitesh Bhangdiya (Member) | Managing Director | 5 | 5 |
| Mrs. Sonal Kirtikumar Bhangdiya (Member) (upto 20 th August, 2022) | Non-executive Director | 3 | 3 |
| Mr. Niresh Maheshwari (Member) (appointed on 20 th August,2022) | Independent Director | 2 | 2 |

During the year, the Audit Committee was reconstituted on 20th August, 2022

There have been no instances of non-acceptance of any recommendations of the Audit Committee by the Board during the financial year under review.

The Company Secretary acts as the Secretary to the Committee.

The role, powers and functions of the Audit Committee are as per Section 177 of the Act and the Listing Regulations. The terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations. The scope and terms of reference of the said committee have been widened in line with the amendments made to the Listing Regulations. The brief terms of reference of the Audit Committee, inter-alia includes the following:

1. the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. examination of the financial statement and the auditors' report thereon;
4. approval or any subsequent modification of transactions of the company with related parties;
5. scrutiny of inter-corporate loans and investments;
6. valuation of undertakings or assets of the company, wherever it is necessary;
7. evaluation of internal financial controls and risk management systems;
8. monitoring the end use of funds raised through public offers and related matters.
9. To review the functioning of the Whistle Blower mechanism;

In addition to the aforesaid, the Committee also looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the Listing Regulations as amended from time to time and that of the Act.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") was constituted in compliance with the requirements of Regulation 19 of Listing Regulations and Section 178 of the Act.

Pursuant to the Regulation 19(4) read with Part D of Schedule II of the Listing Regulations and Section 178 of the Act and as adopted by the Board of Directors of the Company, the terms of reference of Nomination & Remuneration Committee shall include the following:

- i. 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;
- ii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- iii. Devising a policy on diversity of Board of Directors;
- iv. 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.
- v. 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.
- vi. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

As on 31st March, 2022, the Nomination & Remuneration Committee comprises of Three (3) Directors, out of which Two (2) are Independent Directors and One (1) is non-Executive non-independent Director.

During the financial year 2022-23, two (2) meeting of Nomination & Remuneration Committee were held on 20th August, 2022 and 5th September, 2022.

The Details of Composition of Nomination & Remuneration Committee and the number of Meetings held and attended by the Members during the financial year 2022-2023 are mentioned herein below;

| Name of Committee Members | Category | No. of Meeting Held | No. of Meeting Attended |
|---|------------------------|---------------------|-------------------------|
| Mr. Prashantkumar Lahoti (Chairman) | Independent Director | 2 | 2 |
| Mrs. Sonal Kirtikumar Bhangdiya (Member) | Non-Executive Director | 2 | 2 |
| Mr. Shrikant Mitesh Bhangdiya (Member) (upto 20 th August, 2022) | Managing Director | 1 | 1 |
| Mr. Niresh Maheshwari (Member) (w.e.f. 20 th August, 2022) | Independent Director | 1 | 1 |

During the year, the NRC was reconstituted on 20th August, 2022.

Performance Evaluation:

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and working of its committees. The Board's functioning was evaluated on various aspects, including inter alia degree of fulfilment of key responsibilities, its structure and composition, establishment and delegation of responsibilities to various Committees. Directors including the Chairman of the Board who were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/support to the management of the Company. Areas on which the Committees of the Board were assessed included degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Board as a whole.

5. REMUNERATION OF DIRECTORS:

Nomination and Remuneration Committee has formulated policy for Remuneration of Directors, Key Managerial Personnel (KMP), of the Company and Payment to Managing Director shall be governed by Schedule V of the Act.

During the year, Independent Directors of the Company had no pecuniary relationship or transactions with the Company.

The details on the criteria for making payments to the Non-Executive Director(s) is available on the Company's website www.sobhagyaltd.com.

The Company has not granted any stock options to its Board members.

Details of remuneration paid to Managing Director and Non-Executive Director during the year ended 31st March, 2023 are given as under;

| Name of Directors | Remuneration |
|--|--------------|
| Mr. Shrikant Bhangdiya, Managing Director | 6,000,000 |
| Mrs. Sonal Bhangdiya, Non-executive director | 12,00,000 |

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee ("SRC") was constituted in compliance with the provisions of Section 178(5) of the Act, read with Regulation 20 and Part D of Schedule II of SEBI Listing Regulations

The Committee comprises of Three (3) Directors out of which Two (2) are Independent Directors and One (1) is Managing Director.

During the financial year 2022-23, one (1) meeting of Stakeholder Relationship Committee was held on 14th February, 2023.

The Details of Composition of Stakeholders Relationship Committee and the number of Meetings held and attended by the Members during the financial year 2022-2023 are mentioned herein below;

| Name of Committee Members | Category | No. of Meeting Held | No. of Meeting Attended |
|---|------------------------|---------------------|-------------------------|
| Mr. Prashantkumar Lahoti (Chairman) | Independent Director | 1 | 1 |
| Mr. Shrikant Mitesh Bhangdiya (Member) | Managing Director | 1 | 1 |
| Mrs. Sonal Kirtikumar Bhangdiya (Member) (upto 20 th August, 2022) | Non-Executive Director | - | - |
| Mr.Niresh Maheshwari (Member) (w.e.f 20 th August, 2022) | Independent Director | 1 | 1 |

During the year, the SRC was reconstituted on 20th August, 2022.

The terms of reference of the SRC cover the areas mentioned in Section 178 (5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the Listing Regulations.

The terms of reference of the SRC, inter-alia are as follows:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility ("CSR") Committee.

The CSR Committee formulates and recommends to the Board, a CSR Policy and the annual action plan indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act. The Committee recommends the amount of expenditure to be incurred on the activities mentioned in the CSR Policy and monitors the implementation of the CSR Policy.

The Committee met three (3) times during the financial year 2022-23 on 30th May, 2022, 20th September, 2022 and 14th February, 2023. The necessary quorum was present for the meetings.

The composition of the CSR Committee and the details of meetings attended by its members are given below:

| Name of Committee Members | Category | No. of Meeting Held | No. of Meeting Attended |
|--|------------------------|---------------------|-------------------------|
| Mr. Shrikant Mitesh Bhangdiya (Chairman) (w.e.f 14 th February, 2023) | Managing Director | 3 | 3 |
| Mr. Prashantkumar Lahoti (Chairman till 14 th February,2023) | Independent Director | 3 | 3 |
| Mrs. Sonal Kirtikumar Bhangdiya (Member) (upto 20 th August, 2022) | Non-Executive Director | 1 | 1 |
| Mr. Niresh Maheshwari (Member) (w.e.f. 20 th August, 2022) | Independent Director | 2 | 2 |

During the year, the CSR Committee was reconstituted on 20th August, 2022 and 14th February, 2023.

8. GENERAL BODY MEETINGS:

a) Location, date and time of last three AGMS and special resolutions there at as under:

| Financial Year | Date | Time | Venue | Special Resolution Passed, if any |
|----------------|------------|------------|--|--|
| 2021-22 | 30/09/2022 | 04.00 p.m. | Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") | 1. Appointment of Mr. Niresh Maheshwari (DIN: 06735182) as an Independent Director of the Company 2. Approval of Related Party Transactions during Financial Year 2022 – 2023 |
| 2020-21 | 30/09/2021 | 04.00 p.m. | Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") | No special resolution Passed |
| 2019-20 | 30/12/2020 | 04.00 p.m. | Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") | No special resolution Passed |

b) Extra Ordinary General Meeting:

During the year under review, no Extra Ordinary General Meeting was held

c) Passing of resolutions by Postal Ballot

Company has not passed any Resolution by postal ballot during the Financial Year 2022-23.

9. MEANS OF COMMUNICATION:

a) Quarterly results:

The unaudited quarterly financial results and annual financial results are announced immediately after these are approved by the Board of Directors of the Company.

b) Newspapers wherein results normally published;

The financial results are published in English language national daily newspaper circulating in the India and in one daily newspaper published in the language of the region, where the registered office of the Company is situated.

c) Website of the Company:

The Company disseminates information to its shareholders by way of filing quarterly, half yearly and annual financial statements with designated stock exchanges which are also uploaded on the website of the company i.e www.sobhagyaltd.com. Necessary communication required under the applicable laws to be made by the Company are disclosed on the abovementioned website for shareholder's reference.

10. GENERAL SHAREHOLDER INFORMATION:

a) The AGM of the Company for the financial year 2022-23 is scheduled on Friday, 29th September, 2023 at 11:00 A.M. through Video Conference/ Other Audio-Visual Means (VC/OAVM).

b) Book Closure:

Book Closure Dates : Saturday, 23rd September, 2023 to Friday, 29th September, 2023

c) Financial year:

The financial year of the Company starts from the 1st day of April and ends on 31st day of March of next year.

d) Dividend Payment Date:

No dividend is recommended for the financial year 2022-2023.

e) Listing on Stock Exchange:

The Company's equity shares are listed on BSE Limited (BSE).

The following are the details of the Company's shares:

| | |
|-----------------|---|
| Type of Shares | Equity Shares |
| ISIN | INE754D01018 |
| BSE- Stock Code | 512014 |
| BSE Address | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001; Website: www.bseindia.com . |

f) Corporate Identity Number (CIN)

The Corporate Identity Number (CIN) allotted by the Ministry of Corporate Affairs, Government of India, is L45100MH1983PLC031671. Your Company is registered in the State of Maharashtra, India.

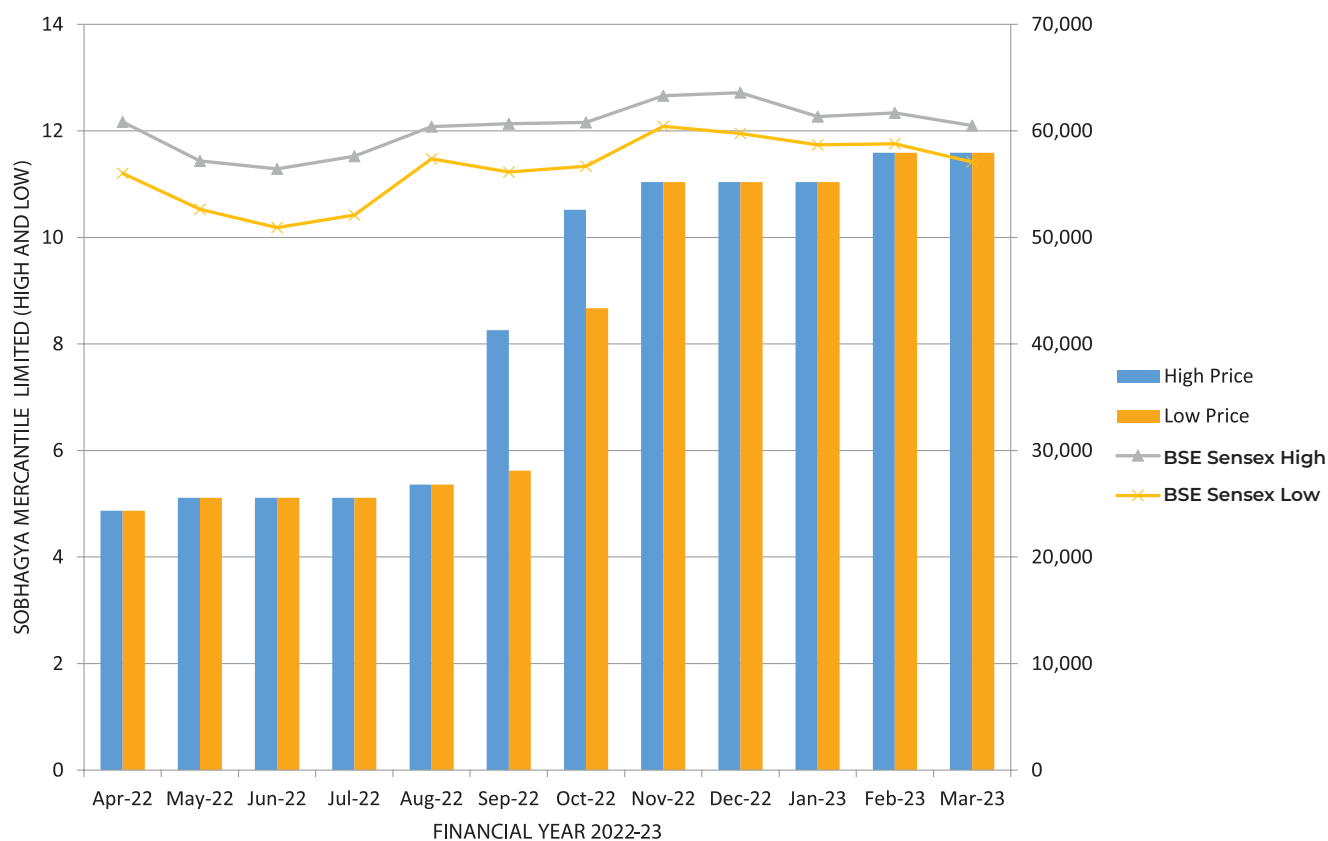
g) Stock Price Data: High, Low during each month of the Financial Year 2022-2023.

The Share price data for each month during the financial year 2022-23 on the BSE Limited and the monthly high and low share prices of the Company in comparison with the BSE Sensex are as under:

| Month | BSE Limited | | BSE Sensex | |
|--------|-------------|-----------|-------------|------------|
| | High Price | Low Price | Sensex High | Sensex Low |
| Apr-22 | 4.87 | 4.87 | 60,845 | 56,009 |
| May-22 | 5.11 | 5.11 | 57,184 | 52,632 |
| Jun-22 | 5.11 | 5.11 | 56,433 | 50,921 |
| Jul-22 | 5.11 | 5.11 | 57,619 | 52,094 |
| Aug-22 | 5.36 | 5.36 | 60,411 | 57,367 |
| Sep-22 | 8.26 | 5.62 | 60,676 | 56,147 |
| Oct-22 | 10.52 | 8.67 | 60,787 | 56,683 |
| Nov-22 | 11.04 | 11.04 | 63,303 | 60,425 |
| Dec-22 | 11.04 | 11.04 | 63,583 | 59,754 |
| Jan-23 | 11.04 | 11.04 | 61,344 | 58,699 |
| Feb-23 | 11.59 | 11.59 | 61,682 | 58,796 |
| Mar-23 | 11.59 | 11.59 | 60,498 | 57,085 |

h) Company's Share price performance Versus BSE Sensex:

The monthly high and low share prices of the Company in comparison with the BSE Sensex during the year are as under:



i) Share Transfer System:

The Securities and Exchange Board of India has mandated that the transfer, except transmission and transposition, of securities shall be carried out in dematerialized form only with effect from 1st April 2019. Therefore, members holding shares in physical mode are requested to immediately dematerialize their shareholding in the Company. All requests for dematerialization of shares are processed by the Company's RTA i.e., Purva Sharegistry (I) Private Limited.

j)

i) Shareholding pattern as on March 31, 2023

| Category | Number of Shares | % of Capital |
|-----------------------------|------------------|---------------|
| Promoter and Promoter Group | 82830 | 34.51 |
| Public- Institutions | 00 | 00 |
| Public- Non-Institutions | 157170 | 65.49 |
| Total | 240000 | 100.00 |

ii) Distribution of Shareholding as on 31st March, 2023

| Sr. No. | Category (Equity Shares) | Shareholders | | Shareholding | |
|---------|--------------------------|------------------------|--------------------------------|---------------------------------------|--------------------------------|
| | | Number of Shareholders | Percentage of Shareholders (%) | Number of shares held by Shareholders | Percentage of Shareholding (%) |
| 1. | 1 - 500 | 135 | 81.82 | 13515 | 5.63 |
| 2. | 501 -1000 | 3 | 1.82 | 2982 | 1.24 |
| 3. | 1001 - 2000 | 2 | 1.21 | 3220 | 1.34 |
| 4. | 2001 -3000 | 3 | 1.82 | 8699 | 3.62 |
| 5. | 3001 -4000 | 4 | 2.42 | 14800 | 6.17 |
| 6. | 4001 -5000 | 0 | 0 | 0 | 0 |
| 7. | 5001 -10000 | 7 | 4.24 | 45046 | 18.77 |
| 8. | 10001 and above | 11 | 6.67 | 151738 | 63.22 |
| | Total | 165 | 100 | 240000 | 100 |

iii) Dematerialization of Shares and Liquidity:

As on 31st March, 2023, the Company's 226,150 equity shares were held in dematerialized form and remaining 13850 equity shares were held in physical form.

k) Plant location: Not Applicable

l) Compliance Officer: Mrs. Shalinee Singh

m) Address for correspondence:

Registered Office: B-61, Floor 6, Plot No 210, B Wing, Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai City MH 400021 IN

Corporate Office: 526, 1st Floor, Bhangdiya House, near Getwell Hospital, Dhantoli, Nagpur, Maharashtra 440012 IN.

Contact no: 022-22882125

Email: sobhagyamercantile9@gmail.com

www.sobhagyaltd.com

n) Details of Registrar and Share Transfer Agent (RTA):

Name: M/s. Purva Sharegistry (I) Private Limited

Address: 9 Shiv Shakti Industrial Estate, J.R.

Boricha Marg, near Lodha Excelus, Lower

Parel (E), Mumbai, 400011,

Tel: No: 49614132 / 31998810

Email: support@purvashare.com Website:

www.purvashare.com

11. OTHER DISCLOSURES:

a) Related Party Transactions:

All contracts /arrangements / transactions entered by the Company with related parties were in the ordinary course of business and on an arm's length basis. The particulars of contracts/arrangements/transactions entered by the Company with related parties during the financial year referred to in Section 188(1) of the Act in prescribed Form AOC-2 is appended as Annexure I to the Directors' Report.

Report. The Company has in place a policy on Related Party Transactions and the same is displayed on the Company's website www.sobhagyamercantile.com.

- b)** Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange(s) or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years;

During the financial year 2022-23, The company has paid a basic fine imposed for an amounting to ₹ 20000/- to BSE towards Non-submission of the financial results for the period ended June, 30, 2022 within prescribed due dates under Regulation 33 of the Listing Regulations.

c) CEO / CFO Certification

The CEO and CFO has issued certificate pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that the financial statements do not contain any untrue statement and these statements represents a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report

d) Whistle Blower Policy:

The Company has adopted Whistle Blower Policy/Vigil Mechanism through which its Stakeholders, Directors and Employees can report their genuine concerns about unethical behavior and actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics. The said Policy provides for adequate safeguards against victimization and also direct access to the Audit Committee. The details of establishment of such mechanism are disclosed on the website of the Company at www.sobhagyamercantile.com

e) Mandatory requirements:

The Company confirm that it has complied with all mandatory requirement prescribed in the Listing Regulations for the financial year 2022-2023. The Company has obtained a certificate on Corporate Governance from Mr. Parag Dasarwar, Practicing Company Secretary certifying compliance with the Paragraph E of Schedule V to the Listing Regulations. This certificate is annexed to this report.

f) Disclosure of commodity price risks and commodity hedging activities:

Disclosure of commodity price risks and commodity hedging activities are not applicable to the Company.

g) Directors Qualification certificate:

The Company has obtained a certificate from Mr. Parag Dasarwar, Practicing Company Secretary stating that none of the Directors on the Board of the Company has 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 statutory authority. This certificate is annexed to this report.

h) Statutory Audit Fees

Total fees paid by the Company to Statutory Auditors for their services to the Company for the Financial year 2022-23 is ₹ 1.75 lakhs.

i) Disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2022-23, there were no complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

- number of complaints filed during the financial year – NIL
- number of complaints disposed of during the financial year - NIL
- number of complaints pending as on end of the financial year – NIL

12. NON- MANDATORY REQUIREMENTS

a) Shareholder Rights: The Company's Quarterly, Half Yearly and Annually/Yearly results are published in leading English and Marathi daily newspapers.

b) Audit Qualification: There is no Audit Qualification.

13. The Company is in compliance with the corporate governance requirements specified under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the listing regulations.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct adopted by the Company for the year ended 31st March, 2023.

For and on behalf of the Board of
Sobhagya Mercantile Limited

Place: Nagpur
Date: 2nd September, 2023

Sd/-
Shrikant Bhagdiya
Managing Director
(DIN: 02628216)

COMPLIANCE CERTIFICATE

[Under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015]

- A. We have reviewed financial statements and the cash flow Statement for the Financial year 31 March, 2023 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 Company'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 year which are fraudulent, illegal or volatile of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company 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) There were no significant changes in internal control over financial reporting during the year;
 - 2) There were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) There were no Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For and on behalf of the Board of
Sobhagya Mercantile Limited**

Sd/-
Shrikant Bhangdiya
Managing Director

Sd/-
Anil Khawale
Chief Financial Officer
(DIN: 02628216)

Place: Nagpur
Date: 02nd September, 2023

PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

Certificate on compliance with the conditions of Corporate Governance under SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members
SOBHAYGYA MERCANTILE LIMITED
B-61, Floor 6, Plot No 210,
B Wing Mittal Tower Free Press Journal Marg,
Nariman Point Mumbai 400021

We have examined the compliance of the conditions of Corporate Governance by **SOBHAYGYA MERCANTILE LIMITED** ('the Company') for the financial year ended March 31, 2023, as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended March 31, 2023.

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

FOR **PARAG DASARWAR**
COMPANY SECRETARIES

Sd/-
Parag Dasarwar
(Proprietor)
FCS No.: 9304
CP No. : 8227

UDIN: F009304E000829112

Place: Nagpur
Date: 19/08/2023

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

SOBHAYGYA MERCANTILE LIMITED

B-61, Floor 6, Plot No 210,

B Wing Mittal Tower Free Press Journal Marg,

Nariman Point Mumbai 400021

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SOBHAYGYA MERCANTILE LIMITED** having CIN L45100MH1983PLC031671 and having registered office at B-61, Floor 6, Plot No 210 B Wing Mittal Tower Free Press Journal Marg Nariman Point Mumbai 400021 (hereinafter referred to as 'the Company'), produced before us 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 March 31, 2023 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 | Date of Appointment in Company |
|---------|----------------------------|----------|--------------------------------|
| 1. | Prashantkumar Lahoti | 00091140 | 21/09/2019 |
| 2. | Shrikant Mitesh Bhangdiya | 02628216 | 09/08/2019 |
| 3. | Sonal Kirtikumar Bhangdiya | 03416775 | 09/08/2019 |
| 4. | Niresh Maheshwari | 06735182 | 20/08/2022 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our 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

FOR **PARAG DASARWAR**
COMPANY SECRETARIES

Sd/-

Parag Dasarwar

(Proprietor)

FCS No.: 9304

CP No. : 8227

UDIN: F009304E000829134

Place: Nagpur

Date: 19/08/2023

MANAGEMENT DISCUSSION & ANALYSIS

INDIAN ECONOMIC OVERVIEW

India emerged as the shining beacon in a grim global scenario and surpassed the United Kingdom to become the fifth-largest economy in the world. Despite multiple headwinds, including higher inflation, geo-political tension, supply chain disruption and tighter monetary conditions, the Indian economy displayed remarkable resilience. It grew by 7.2% in FY 2022-23 as against 9.1% in FY 2021-22, aided by sound macroeconomic fundamentals, higher private consumption, and an accelerated pace of economic reforms. The core industries registered a combined ICI (Index of Eight Core Industries) increase of 7.6% (provisional) during FY 2022-23 compared to the corresponding period of last year. The government's thrust on infrastructure-driven, capex-led economic growth, coupled with the revival of private sector investment in manufacturing and an improvement in capacity utilisation helped to maintain the growth momentum.

The International Monetary Fund (IMF) projects the Indian economy to expand at 6.1% in FY 2023-24 before rising to 6.3% in FY 2024-25. The economic growth will be supported by robust domestic consumption, abating of inflation, technology-enabled development, export growth, and revival in credit growth among others. Moreover, increased capital expenditure on infrastructure and initiatives such as the PLI schemes, 'Make in India' and 'Atmanirbhar Bharat' will strengthen the infrastructural and manufacturing base, lead to higher productivity, and build a strong foundation for sustained economic growth.

The government's thrust on infrastructure-driven, capex-led economic growth, coupled with the revival of private sector investment in manufacturing and an improvement in capacity utilisation helped to maintain the growth momentum.

INDUSTRY STRUCTURE AND DEVELOPMENT

Indian Infrastructure Industry

The Indian infrastructure industry is experiencing tremendous growth in recent years. The government has identified infrastructure as one of the key drivers for economic development. The government's initiatives National Infrastructure Pipeline (NIP), Bharatmala Pariyojana and PM Gati Shakti - National Master Plan would continue to boost the growth of the infrastructure sector. The total capital expenditure for the National Infrastructure Pipeline (NIP) is estimated to be ₹ 111 lakh crore during FY 2020-25 for the development of high-quality infrastructure across the country. The NIP has currently 8,964 projects with a total investment of more than ₹ 108 lakh crore under different stages of implementation.

The government has prioritised the development of roads, highways, railways, bridges, airports, ports, waterways, and cargo terminals. The PM Gati Shakti Plan would integrate roads, railways, aviation, urban and logistics infrastructure for providing multi-modal connectivity to improve transportation and logistics. Under PM Gati Shakti, 38 high impact steel projects are earmarked to develop multi-modal connectivity and bridge infrastructure gaps.

Investment in infrastructure is one of the seven priorities of the Budget 2023-24 and the enhanced capital outlay of ₹ 10 lakh crore provides the required boost for the development of world-class infrastructure in India. 100 critical transport infrastructure projects are identified for last and first mile connectivity for various sectors such as ports, coal, steel, etc. with an investment of ₹ 75,000 crore including ₹ 15,000 crore from private sources. Further, the push for creating urban infrastructure in Tier II and Tier III cities through the Urban Infrastructure Development Fund (UIDF) of ₹ 10,000 crore per annum in the Budget FY 2023-24 and the government's initiative 'Smart Cities Mission' will accelerate the growth of the construction and infrastructure sector.

Road Infrastructure

India has the second-largest road network in the world, spanning over 6.70 million km. The total length of National Highways in the country is 1,44,955 km. The length of various categories of roads as on 30th November 2022 is mentioned below:

- National Highways: 1,44,955 km
- State Highways: 1,67,079 km
- Other Roads: 60,19,757 km

The national highways network is proposed to be expanded by 13,800 km in FY 2023-24. The Ministry of Road Transport and Highways (MoRTH) targets to construct at least 45 km of roadways each day to meet the target. Moreover, the government is focussed on expanding highways to improve connectivity in India. In the Budget 2023-24, the MoRTH has received a push with 36% increased allocation of ₹ 2.70 lakh crore for FY 2023-24. The allocation to the National Highways Authority of India (NHAI) has been increased to ₹ 1.62 lakh crore for FY 2023-24 from the revised allocation of ₹ 1.42 lakh crore in FY 2022-23. The increased pace of road and highway network development in the country augurs well for the construction sector.

Indian Steel Industry

India is currently the world's second-largest producer of crude steel, with an output of 125.32 MT in FY 2022-23. The Indian steel industry has been at a bright spot. The government's continued focus on infrastructure development ensures long-term growth in the steel industry. Under the Budget 2023-24, the government allocated ₹ 70.15 crore to the Ministry of Steel. Positive government policies and initiatives like Public Private Partnership (PPP) model and National Steel Policy will help India to increase crude steel production capacity to 300 MTPA by 2030. India's finished steel consumption is expected to increase from 133.6 MT in FY 2021-22 to 230 MT by FY 2030-31.

The steel industry has strong linkages with other sectors, especially infrastructure. The large demand in India for steel is largely linked to numerous government projects associated with roads, railways and the auto sector among others. Further, as per the NITI Aayog report, India will become the world's production centre for green steel at 15-20 million tonnes by 2030 and pave the way for the worldwide adoption of green steel. Steel demand in India is expected to see a healthy growth of 7.3% in 2023 and 6.2% in 2024. The infrastructure push, the bid for developing more affordable housing and the Indian Railways capex are all demand drivers for production and consumption of steel across India.

India's strategic location gives it a fair advantage in steel and alumina production and conversion costs giving ample export opportunities across developed and fast-developing Asian markets.

India's abundant reserves of both metallic and non-metallic minerals make India largely self-reliant in metallic minerals like bauxite, chromite, iron ore, and lignite and mineral fuels such as coal and lignite. During April 2023, coal production stood at 73.02 MT indicating a growth of 8.67% as over 67.20 MT produced during April 2022. Coal is projected to remain the primary and largest source of electricity in India in 2040. By providing

The steel industry has strong linkages with other sectors, especially infrastructure. The large demand in India for steel is largely linked to numerous government projects associated with roads, railways and the auto sector among others.

essential raw materials at competitive rates, the mining segment has the capability to substantially influence India's GDP growth, foreign exchange earnings and sectors like construction, infrastructure, automotive, and energy generation helping them thrive.

To boost coal availability, the Ministry of Coal has offered 103 coal/lignite blocks for auction under the 7th round of auction with 29 agreements being signed for mines which were auctioned in the 6th round of auction during 2023.

These favourable factors have collectively contributed to laying a robust foundation for the expansion and progress of the country's mining segment in the future.

OPPORTUNITIES

- The government's massive push to catapult the infrastructure sector with increased capex and projects in public-private partnership (PPP) mode has led to increased bids and new projects.
- The development of highways, expressways and roads under PM Gati Shakti National Master Plan is creating exponential opportunities for the construction sector.
- The government's focus on increasing the domestic production of coal and initiatives such as the auction of commercial mining on revenue sharing basis will provide opportunities for the companies engaged in coal mining.
- With the remarkable growth of the infrastructure industry in India and the increasing adoption of automation in the construction processes, the demand for equipment leasing is on a persistent rise.

- There is an upswing in demand for infrastructure-engineering consultancy services in the country.
- The Budget 2023-24 has laid special emphasis on the vehicle scrapping policy by allocating adequate funds to replace vehicles that are over 15 years. Around 9 lakh vehicles owned by central and state governments, transport corporations and public sector undertakings will be eligible for scrapping. The need for new vehicles to replace these vehicles that are expected to go off the road will boost steel consumption.

THREATS

- The steep increase in commodity and crude oil prices on account of global turmoil, the ongoing Russia-Ukraine war and high inflation will increase input costs and impact profitability.
- Delays in land acquisition adversely impact approvals, project timelines, and execution of projects.
- The shortage of skilled labour can slow or delay construction projects.
- The steel industry is strictly regulated and required to comply with increasingly stringent environmental regulations.

COMPANY OVERVIEW

Incorporated in 1983, Sobhagya Mercantile Limited (hereinafter referred to as 'Sobhagya' or 'the Company') has emerged as one of the leading companies in the infrastructure sector in India. The Company is predominantly engaged in infrastructure and allied

With growing construction, upcoming projects and high awarding activity in the industry, the Company is well-positioned to capitalise on enormous opportunities and large investments in the infrastructure sector and achieve sustainable growth in the coming years.

activities with a key focus on construction, infrastructure engineering, mining and equipment leasing. It offers customer-focussed solutions to the key industries in the country. The Company caters to both private and public entities to fulfil their requirements across a wide range of projects. The Company has recently approved the proposal for setting up a steel plant at Gadchiroli, Maharashtra. The process of setting up a state-of-the-art steel plant is underway.

STRENGTHS

The Company has achieved remarkable growth and financial success due to a change in management, backed by visionary leadership, technological capabilities, best-in-class machinery, strong distribution network and skilled manpower.

- Construction – The Company has made a reliable name in the infrastructure construction segment due to its endeavour to build a robust road infrastructure in India.
- Equipment leasing – The Company owns a large fleet of state-of-the-art construction equipment that meets global standards. As a preferred partner by private and public construction entities across India, the Company supports businesses to deliver quality construction adhering to timelines and strict cost controls.
- Mining – Through its industry expertise, efficient operations and safe working practices, the Company strives to meet the rising energy demand in the country with due regard to quality and sustainability.
- Infrastructure Engineering – The Company provides end-to-end infra-engineering consultancy solutions for complex and challenging projects across diverse sectors.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

A breakdown of performance in terms of different segments is depicted below:

- Engineering segment - ₹ 4,361.18 lakhs
- Metal Sale (Stone Crusher) segment - ₹ 6,519.32 lakhs

FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE

The Company delivered a strong performance in FY 2022-23 and recorded a robust income of ₹ 11,208.01 lakhs compared to ₹ 7,161.89 lakhs in FY 2021-22. The Company's profit is ₹ 1,072.24 lakhs in FY 2022-23 as against ₹ 1,097.84 lakhs in the previous year.

OUTLOOK

The Company's growth trajectory is strong and it envisages huge growth potential in the construction business on the back of the government's thrust on infrastructure development and improving road networks across the country. With growing construction, upcoming projects and high awarding activity in the industry, the Company is well-positioned to capitalise on enormous opportunities and large investments in the infrastructure sector and achieve sustainable growth in the coming years. The Company is focussed on augmenting its capabilities and project execution strategy to strengthen its position in the market and gain a competitive edge.

Moving ahead, the Company targets to expand its steel manufacturing capacity and capabilities to become the leading steel manufacturer in the country. It is also looking at diversification in other sectors related to Infrastructure.

India's Mines and Minerals (Development and Regulation) Amendment Bill, 2023 marks a strategic shift towards leveraging private sector expertise to tap the nation's unexplored mineral potential. The bill will help strengthen India's strategic focus on securing its critical mineral supply chains and abundant use of clean energy technologies through potential collaboration between public and private sector stakeholders towards sustainable resource development. With vulnerabilities faced by global supply chains, the bill's provisions could help boost domestic mineral resources.

RISKS AND CONCERNS

The Company has a structured and comprehensive risk management framework for the timely and effective identification, assessment and mitigation of key business and operational risks. It regularly monitors its major risks and concerns in the industry and formulates robust mitigation strategies to mitigate identified risks. The risk management process is strictly adhered across all the departments and ensures that the risks do not influence the Company's operational and financial performance and the business objectives are achieved seamlessly.

The key risks, inter alia, are Regulations, Competition, Business Risk, Technology Obsolescence, Retention of Workforce, etc. Business risk, inter-alia, includes Financial risk, Political risk, Legal risk, etc. To address these risks and concerns, the Company takes proactive measures as deemed necessary.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains an efficient internal control system. The internal control system is responsible for safeguarding of assets, accuracy of financial transactions and reporting, addressing the evolving risks in the business, and stringent adherence to the applicable laws and regulations. It is committed to good corporate governance practices and has well-defined systems and processes covering all corporate functions and units. The Company's internal auditors regularly monitor and evaluate the audit reports to ensure the security and efficiency of the internal control systems. Key observations and recommendations are communicated to the senior management, which takes appropriate corrective actions.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company treasures its employees as the most important asset and integral to its growth and competitive position. The Company promotes a safe and conducive work environment. It places significant emphasis on training its employees and fostering ongoing employee engagement with the Company's mission and vision. It also motivates and retains employees with recognition and performance-based rewards. The Company has chosen to outsource its entire payroll management to MKS Multimedia Private Limited. During the financial year 2022-23, MKS Multimedia Private Limited has engaged approximately 39 employees to work for the Company. These employees are essentially performing roles within the Company, even though they are on the payroll of MKS Multimedia Private Limited. Further, industry relations remained harmonious and mutually beneficial during the year.

CAUTIONARY STATEMENT

The Management Discussion and Analysis may contain certain statements describing the Company's objectives, projections, and expectations which may be 'forward-looking statements' within the meaning of applicable laws and regulations and are based on informed judgements and estimates. Actual results may differ materially from those expressed or implied. These forward-looking statements are subject to certain risks and uncertainties due to important factors including economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in government regulations and policies, tax laws and other incidental factors that could make a difference to the Company's operations.

INDEPENDENT AUDITORS' REPORT

To the Members of,
Sobhaygya Mercantile Limited.

Report on the Audit of Financial Statements

OPINION

We have audited the financial statements of Sobhaygya Mercantile Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2023, and its profit, total comprehensive income and 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 SAs are further described in the Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| <p>1. Revenue Recognition:</p> <ul style="list-style-type: none"> The Company recognizes revenues when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. In determining the sales price, the Company considers the effects of rebates and discounts (variable consideration). The terms of arrangements in case of sales, including the timing of transfer of control, the nature of discount and rebates arrangements, delivery specifications including incoterms, create complexity and judgment in determining sales revenues. The risk is, therefore, that revenue is not recognized in the correct period in accordance with terms of Ind AS 115 'Revenue from contracts with customers', and accordingly, it was determined to be a key audit matter in our audit of the Ind AS financial statements | <p>Audit procedures included the following:</p> <ul style="list-style-type: none"> Considered the adequacy of the Company's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from contracts with customers'. Assessed the design and tested the operating effectiveness of internal controls related to revenue recognition. Performed sample tests of individual sales transaction and traced to sales invoices and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the incoterms in accordance with Ind AS 115. Selected sample of sales transactions made pre and post year end, agreed the period of revenue recognition to underlying supporting documents. Assessed the relevant disclosures made in the Ind AS financial statements. |

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 communicate the matter to those charged with governance and describe actions applicable under the applicable laws and regulations.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the 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.

In preparing the 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 are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance. 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors in the financial results.
- 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 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.

- Evaluate the overall presentation, structure and content of the 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 control 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, 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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A) 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure-2" to this report;

B) With respect to the other matters to be included in the Auditors' 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 of pending litigations as at 31 March 2023 on its financial position in its financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- iv. (a) The respective management of the Company, to the best of its knowledge and belief, as disclosed in the Note 4.5 to the financial statements, no funds other than as disclosed in the notes to the accounts have been advanced or loaned or invested 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 respective management of the Company, to the best of its knowledge and belief, as disclosed in the Note 4.5 to the financial statements that no funds other as disclosed in the notes to the accounts 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 our audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that can cause us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. In our opinion, based on information and explanation provided to us dividend not declared or paid during the year by the company is in compliance with section 123 of the Companies Act 2013.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- 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. The remuneration paid to any director by the Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **Joshi & Shah**
Chartered Accountants
Firm Registration No. - 144627W

Sd/-
Jaydip Joshi
Partner
Membership No. 170300
UDIN: 23170300BGYBZN8756

Place: Mumbai
Date: 30th May, 2023

ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT

[[Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of SOBHAYGYA MERCANTILE LIMITED for the year ended on March 31st 2023]

i. In respect of the Company's Property, Plant and Equipment and Intangible asset:

a) (A) The Company is in the process of maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(B) The Company is maintaining proper records showing full particulars of intangible assets;

b) The Company is in process of physically verifying the Property, Plant and Equipment.

c) The company has immovable properties and title deeds 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 and intangible assets during the year.

e) According to 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 there under.

ii. a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

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 been sanctioned working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets during the year. The company has furnished the quarterly stock statements and returns to the lender.

iii. In our opinion and according to information and explanation given to us, the Company has made investments in firms and has not made any investment in companies, limited liability partnership or any other entities. The Company has not provided any guarantee or security to company, firms, limited liability partnership or any other parties during the year. The Company has granted loans and advances in the nature of loans, unsecured, to companies, during the year, in respect of which the requisite information is below:

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans to any other entity as below:

| Sr No | Particulars | Amount (₹ in lakhs) |
|--------------|---|------------------------|
| 1. | Related Parties in which directors are interested | 2,597.57 |
| 2. | Other Parties | - |
| Total | | 2,597.57 |

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, and conditions of the advances in the nature of loans provided during the year are, prima facie, not prejudicial to the interest of the Company.

(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 has not been stipulated but they are repayable on demand.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no

loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to same parties.

- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans:

| Particulars | Related Parties (₹ in lakhs) |
|---|---------------------------------|
| Aggregate of loans/advances in nature of loan | |
| - Repayable on demand (A) | 2,597.57 |
| - Agreement does not specify any terms or period of Repayment (B) | - |
| Total (A+B) | 2,597.57 |
| Percentage of loans/advances in nature of loan to the total loans | 100% |

- iv. In our opinion and according to the information and explanations given to us and basis on the examination of records of the Company, the provisions of section 185 and 186 of the Companies Act, 2013 in respect of investment made and loans given by the Company, in our opinion have been complied with.
- v. The Company has not accepted any amounts which are deemed to be deposits. Accordingly, paragraph 3(v) of the order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a) According to information and explanation given to us, the company is generally regular in depositing undisputed statutory dues

including Goods and Service tax, Provident fund, Employees' state Insurance, Income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities during the year and no such dues are outstanding for more than six months from the date they became payable.

- b) According to the information and explanation given to us, there are no dues of Income tax, service tax, Value Added Tax, Goods and Service Tax, which have been outstanding on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the company does not have any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax, 1961 (43 of 1961).
- ix. a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- 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 not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- 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 no funds raised on short-term basis have been used for long-term purposes by the Company.
- 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 as defined under the Act.
- f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- x. a) The Company has raised not any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, paragraph 3(x)(a) of the order is not applicable to the Company.
- 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, clause 3(x)(b) of the Order is 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) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) We have neither come across any instance of whistle-blower complaints nor have we been informed of such case by the management.
- xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us and based on examination of records, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. Company has Internal Audit System in place and it is in commensurate with the size and nature of the business of company. No material discrepancy was observed in the Internal Audit Report provided to us.
- xv. According to the information and explanations given to us and based on examination of records, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of paragraph 3(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year. Accordingly, clause 3(xvii) of the Order is not applicable.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is 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 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. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. a) In our opinion and according to the information and explanations given to us, there is unspent amount of ₹ 14.56 lakh under sub-section (5) of section 135 of the Companies Act, 2013. Further, the amount was not transferred to the special account within a period of thirty days from the end of the financial year as per the requirement of sub-section (6) of Section 135 of the Act.
- b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any
- ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.
- xxi. In our opinion, the financial statements are standalone; Hence, paragraph 3(xxi) is not applicable.

For **Joshi & Shah**
Chartered Accountants
Firm Registration No. - 144627W

Sd/-
Jaydip Joshi
Partner
Membership No. 170300
UDIN: 23170300BGYBZN8756

Place: Mumbai
Date: 30th May, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of SOBHAYGYA MERCANTILE LIMITED on the financial statements for the year ended March 31, 2023]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sobhaygya Mercantile Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on 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 (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 frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence 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 that receipts and expenditures of the company are being made only in accordance with authorisations 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 not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on 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 (ICAI).

For **Joshi & Shah**
Chartered Accountants
Firm Registration No. - 144627W

Sd/-
Jaydip Joshi
Partner
Membership No. 170300
UDIN: 23170300BGYBZN8756

Place: Mumbai
Date: 30th May, 2023

BALANCE SHEET

as on 31st March, 2023

₹ In Lakhs

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|----------|-------------------------|-------------------------|
| (I) ASSETS | | | |
| (1) Non-current assets | | | |
| (A) Property, Plant & Equipment | 4 | 120.09 | 126.12 |
| (B) Capital Work in Progress | | - | - |
| (C) Investment Property | | - | - |
| (D) Goodwill | | - | - |
| (E) Other Intangible Assets | 4 | 112.16 | 5.44 |
| (F) Intangible Asset under Development | | - | - |
| (G) Biological Asset other than Bearer Plant | | - | - |
| (H) Financial Assets | | | |
| (i) Investments | 5 | 9.48 | 463.50 |
| (ii) Trade Receivables | | - | - |
| (iii) Loans | | - | - |
| (iv) Others | | - | - |
| (I) Deferred Tax Assets (Net) | 6 | 0.45 | 0.15 |
| (J) Other Non-Current Asset | | - | - |
| (2) Current assets | | | |
| (a) Inventories | 7 | 85.53 | 36.61 |
| (b) Financial Assets | | | |
| (i) Investments | | - | - |
| (ii) Trade Receivables | 8 | 5,120.56 | 1,128.47 |
| (iii) Cash and cash equivalents | 9 | 3.75 | 3.71 |
| (iv) Bank Balance other than (iii) | 10 | 173.55 | - |
| (v) Other Financial Asset | 11 | 203.69 | 547.03 |
| (vi) Loans | 12 | 2,597.57 | 2,593.30 |
| (vii) Others | | - | - |
| (c) Current Tax Asset (Net) | | - | - |
| (d) Other current Asset | 13 | 351.62 | 283.08 |
| Total Assets | | 8,778.45 | 5,187.42 |
| (II) EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 14 | 24.00 | 24.00 |
| (b) Other Equity | 15 | 3,534.27 | 2,462.06 |
| LIABILITIES | | | |
| (1) Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 93.76 | 132.03 |
| (ii) Trade Payable | | | |
| - Total Outstanding dues of MSMEs | | - | - |
| - Total Outstanding Dues of Other Than MSMEs | | - | - |
| (iii) Lease Liabilities | 17 | 16.10 | - |
| (iv) Other Financial Liabilities | | - | - |
| (b) Provisions | | - | - |
| (c) Deferred Tax Liabilities (Net) | 18 | - | - |
| (d) Other Non-Current Liabilities | | - | - |
| (2) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 584.48 | 68.98 |
| (ii) Trade Payable | 20 | | |
| - Total Outstanding dues of MSMEs | | - | - |
| - Total Outstanding Dues of Other Than MSMEs | | 3,839.29 | 1,975.40 |
| (iii) Lease Liabilities | 22 | 9.45 | 5.71 |
| (iv) Other Financial Liabilities | | - | - |
| (b) Other Current Liabilities | 22 | 107.90 | 188.29 |
| (c) Provisions | 23 | 569.20 | 330.95 |
| (d) Current Tax Liabilities | | - | - |
| Total Equity and Liabilities | | 8,778.45 | 5,187.42 |
| Significant accounting policies | 3 | | |
| See accompanying notes to standalone financial statements | | | |

As per our report of even date,

For Joshi & Shah

Chartered Accountants
FRN:- 144627W

Sd/-

Jaydip Joshi

Partner
Membership No.170300
UDIN:-23170300BGYBZ8756

Place : Mumbai

Date : 30-05-2023

For and on behalf of the board of Directors

Sd/-

Shrikant Bhangdiya

Managing Director
DIN: 02628216

Sd/-

Anil Khawale

Chief Financial Officer

Sd/-

Sonal Bhangdiya

Director
DIN:03416775

Sd/-

Shalinee Singh

Company Secretary

STATEMENT OF PROFIT AND LOSS

for the period ended 31st March, 2023

| | | ₹ In Lakhs | | |
|---|----------|------------------------------|------------------------------|--|
| Particulars | Note No. | 31 st March, 2023 | 31 st March, 2022 | |
| I Revenue From Operations | 24 | 10,880.50 | 6,655.58 | |
| II Other Income | 25 | 327.51 | 506.31 | |
| III Total Income (I+II) | | 11,208.01 | 7,161.89 | |
| IV EXPENSES | | | | |
| Cost of material consumed | 26 | 3,583.69 | 2,555.54 | |
| Change in inventory | 27 | (48.92) | (30.21) | |
| Employee benefits expense | 28 | 283.60 | 185.43 | |
| Finance cost | 29 | 88.82 | 48.93 | |
| Depreciation and Amortization Expense | 4 | 48.96 | 52.19 | |
| Power and Fuel Charges | 30 | 1,596.38 | 225.71 | |
| Machinery Hire Charges | 31 | 681.34 | 21.87 | |
| Sub Contract Charges | 32 | 1,623.21 | 957.65 | |
| Other expenses | 33 | 1,911.47 | 1,839.57 | |
| Total expenses (IV) | | 9,768.55 | 5,856.68 | |
| V Profit/(loss) before exceptional items and tax (I- IV) | | 1,439.46 | 1,305.22 | |
| VI Exceptional Items | | | | |
| VII Profit/(loss) before tax (V-VI) | | 1,439.46 | 1,305.22 | |
| VIII Tax expense: | | | | |
| (1) Current tax | | 367.00 | 212.57 | |
| (2) Deferred tax | | (0.30) | (3.29) | |
| IX Profit (Loss) for the Year | | 1,072.76 | 1,095.94 | |
| X Other Comprehensive Income | | | | |
| A (i) Items that will not be reclassified to profit or loss | | (0.52) | 1.91 | |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | | | |
| B (i) Items that will be reclassified to profit or loss | | | | |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | | | |
| XI Total Comprehensive Income for the period | | | | |
| (Comprising Profit / (Loss) and Other Comprehensive Income for the period) | | 1,072.24 | 1,097.84 | |
| XII Earnings per equity share | | | | |
| (1) Basic | | 446.77 | 457.43 | |
| (2) Diluted | | 446.77 | 457.43 | |
| Significant accounting policies | 3 | | | |
| See accompanying notes to standalone financial statements | | | | |

As per our report of even date,
For Joshi & Shah
Chartered Accountants
FRN.- 144627W

Sd/-
Jaydip Joshi
Partner
Membership No.170300
UDIN:-23170300BGBYZ8756

Place : Mumbai
Date : 30-05-2023

For and on behalf of the board of Directors

Sd/-
Shrikant Bhangdiya
Managing Director
DIN: 02628216

Sd/-
Anil Khawale
Chief Financial Officer

Sd/-
Sonal Bhangdiya
Director
DIN:03416775

Sd/-
Shalinee Singh
Company Secretary

CASH FLOW STATEMENT

for the period ended 31st March, 2023

₹ In Lakhs

| PARTICULARS | For the Year | |
|---|-------------------------|-------------------------|
| | Ended March 31, 2023 | Ended March 31, 2022 |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit/(Loss) before Tax as per Profit and Loss Account | 1,439.46 | 1,305.22 |
| Adjusted for : | | |
| Other comprehensive income | 0.52 | (1.90) |
| Depreciation | 48.96 | 52.19 |
| Share of profit from Investment in Firm | (20.24) | (506.31) |
| Interest Expense | 88.82 | 48.92 |
| | 118.06 | (407.10) |
| Operating Profit Before Working Capital Changes | 1,557.52 | 898.12 |
| Adjusted for : | | |
| Inventories | (48.92) | (30.21) |
| Trade Receivable | (3,992.10) | 368.45 |
| Other Current Asset | (68.55) | 30.33 |
| Other Financial Asset | 343.34 | (3,098.76) |
| Loans | (4.27) | - |
| Current Tax Assets | (0.30) | (0.15) |
| Trade Payable | 1,863.88 | 738.47 |
| Other Current Liability | (80.40) | 109.49 |
| Short Term Provision | 238.25 | 197.02 |
| Short Term Borrowings | 515.50 | (434.29) |
| Bank Balance other than cash and cash equivalent | (173.55) | |
| Lease Liability | 3.73 | (17.98) |
| Cash from Operating Activities | (1,403.37) | (2,137.63) |
| Less: Taxes Paid | 366.69 | 209.28 |
| Cash from Operating Activities | (212.55) | (1,448.79) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets & Capital WIP | (149.65) | (9.12) |
| Proceeds from Sale of Investment in Firm | 453.50 | |
| Profit/Loss from Capital firm | 20.24 | 1,316.81 |
| Increase in Value of Share | (0.52) | 1.90 |
| Movement in Loans & Advances | - | |
| Net Cash used in Investing Activities | 323.57 | 1,309.59 |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Proceeds/ (Repayment) of Short-term Borrowing | - | |
| Long term Lease Liability | 16.10 | |
| Long term Borrowing | (38.27) | 0.01 |
| Interest Expense | (88.82) | (48.93) |
| Net Cash used in Financing Activities | (110.98) | (48.92) |
| Net Increase/(Decrease) in Cash and Cash Equivalents : | 0.04 | (188.12) |
| Opening Balance of Cash & Cash Equivalents | 3.71 | 191.84 |
| Closing Balance of Cash & Cash Equivalents | 3.75 | 3.71 |
| Components of Closing Cash & Cash Equivalent | | |
| Bank Balances & Cash-on-Hand | 3.75 | 3.71 |

As per our report of even date,
For Joshi & Shah
 Chartered Accountants
 FRN:- 144627W

Sd/-
Jaydip Joshi
 Partner
 Membership No.170300
 UDIN:-23170300BGYZ8756

Place : Mumbai
 Date : 30-05-2023

For and on behalf of the board of Directors

Sd/-
Shrikant Bhangdiya
 Managing Director
 DIN: 02628216

Sd/-
Anil Khawale
 Chief Financial Officer

Sd/-
Sonal Bhangdiya
 Director
 DIN:03416775

Sd/-
Shaline Singh
 Company Secretary

STATEMENT OF CHANGES IN EQUITY

for the period ended 31.03.2023

(In Lakhs)

| Particulars | Equity Share Capital | Other Equity | | | | Equity Instruments through Other Comprehensive Income | Total |
|--|----------------------|----------------------|----------------------------|---------------------------------|-------------------|---|-----------------|
| | | Reserves and Surplus | | | | | |
| | | Capital Reserve | Securities Premium Reserve | Other Reserves (specify nature) | Retained Earnings | | |
| Balance as at 31st March, 2021 | 24.00 | - | - | - | 1,367.31 | -3.25 | 1,364.06 |
| Changes during the year | - | - | - | - | - | - | - |
| Comprehensive income (Net) for the year | - | - | - | - | - | 1.91 | 1.91 |
| Earlier year Provision | | | | | 0.16 | | 0.16 |
| Profit / (Loss) for the year | - | - | - | - | 1,095.94 | - | 1,095.94 |
| Balance as at 31st March, 2022 | 24.00 | - | - | - | 2,463.40 | -1.34 | 2,462.06 |
| Changes during the year | | | | | | | - |
| Comprehensive income (Net) for the year | | | | | | -0.52 | -0.52 |
| Earlier year Provision | | | | | | | - |
| Profit / (Loss) for the year | | | | | 1,072.76 | | 1,072.76 |
| Balance as at 31st March, 2023 | 24.00 | | | | 3,536.16 | -1.86 | 3,534.30 |

As per our report of even date,
For Joshi & Shah
Chartered Accountants
FRN.- 144627W

Sd/-
Jaydip Joshi
Partner
Membership No.170300
UDIN:-23170300BGYBZ8756

Place : Mumbai
Date : 30-05-2023

For and on behalf of the board of Directors

Sd/-
Shrikant Bhangdiya
Managing Director
DIN: 02628216

Sd/-
Anil Khawale
Chief Financial Officer

Sd/-
Sonal Bhangdiya
Director
DIN:03416775

Sd/-
Shaline Singh
Company Secretary

NOTES TO STANDALONE FINANCIAL STATEMENTS

1 REPORTING ENTITY

SOBHAYGYA MERCANTILE LIMITED (the 'Company') is a company domiciled in India, with its registered office situated B-61, FLOOR 6, Plot No.210 B Wing Mittal Tower Free Press Journal Marg, Nariman Point, Mumbai-400021. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on Bombay Stock Exchange (BSE) in India. The Company is primarily involved in Engineering Consultancy and Metal (Aggregate) Sales.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

A Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015, as amended, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Details of the Company's accounting policies are included in Note 3.

B Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, unless otherwise indicated.

C Basis of measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, which have been measured at fair value as described below :

Fair Value Measurement

The Company measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The

fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 1) In the principal market for the asset or liability, or
- 2) In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

Fair value for measurement and/or disclosure purpose in these financial statements is determined on such basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

NOTES TO STANDALONE FINANCIAL STATEMENTS

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above

D Use of estimates and judgments

In preparing these standalone financial statements, the Company has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the standalone financial statements

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2022 is included in the following notes:

- Note 4 - useful life of property, plant and equipment

3 SIGNIFICANT ACCOUNTING POLICIES

a. Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalized borrowing costs, if any)

less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the Statement of Profit and Loss.

ii Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using Reducing Balance Method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the Company and is recognised in the Statement of Profit and Loss.

Assets acquired under lease are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will

NOTES TO STANDALONE FINANCIAL STATEMENTS

obtain ownership by the end of the lease term. Depreciation for assets purchased / sold during the period is proportionately charged. The range of estimated useful lives of items of property, plant and equipment are as follows:

| Asset | Useful life |
|--|----------------|
| Plant and equipment | 7.5 - 15 years |
| Motor vehicles | 8 years |
| Furniture and fixtures | 10 years |
| Office equipment | 5 years |
| Buildings | 30 - 60 years |
| Leasehold land Freehold land is not depreciated. | Lease period |

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

iv. Capital work-in-progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

b. Impairment

i. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through Statement of

Profit and Loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit and Loss.

ii Non -financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

c. Leases

Effective from 1 April 2019, the Company has applied Ind AS 116, which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. The Company has applied Ind AS 116 using the modified retrospective approach and has accordingly not restated the comparative information.

The Company at the inception of a contract assesses whether a contract, is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

NOTES TO STANDALONE FINANCIAL STATEMENTS

Ind AS 116 introduces a single balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. On the Balance Sheet, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings and other financial liabilities.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period

d. Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after providing for obsolescence, where appropriate. The comparison of cost and net realizable value is made on an item-by-item basis. The net realizable value of materials in process is determined with reference to the selling prices of related finished goods

Raw materials, packing materials and stores and spares are valued at cost computed on moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Finished goods and stock-in-trade are valued at the lower of net realizable value and cost, computed on a moving weighted average basis.

e. Financial instruments

i. Recognition and initial measurement

The Company initially recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

ii. Classification and subsequent measurement

Financial assets

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

NOTES TO STANDALONE FINANCIAL STATEMENTS

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiaries, joint venture and associates

Investment in equity shares in subsidiaries, joint venture and associates is carried at cost in the financial statements.

iii. Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognized in the Statement of Profit and Loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legally enforceable

right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

f. Revenue recognition

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(i) Sale of goods and Services :

Revenue is recognized when a customer obtains control of the goods which is ordinarily upon delivery at the customer premises. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the governments which are levied on sales such as goods and services tax, etc. For certain contracts that permit the customer to return an item, revenue is recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is recognized when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery is recognized for these contracts and presented separately in the balance sheet.

(ii) Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to

NOTES TO STANDALONE FINANCIAL STATEMENTS

the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

g. Income tax

Income tax comprises current and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognized or unrecognized are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been

enacted or substantively enacted by the reporting date.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the Statement of Profit and Loss.

i. Provisions and contingent liabilities

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

j. Employee benefits

The company has not provided for Gratuity and Leave encashment benefits till 31.03.2023. The retirement benefits will be debited as and when paid.

k. Cash and cash equivalents

Cash and cash an equivalent includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

L. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the

NOTES TO STANDALONE FINANCIAL STATEMENTS

weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

m. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

n. Foreign Exchange Transactions

- a) Transactions in Foreign Currency are accounted at the exchange rate prevailing on the date of Transactions. Exchange fluctuations between the transaction date and the settlement date in respect of Revenue Transactions are recognized in Profit & Loss Account.
- b) All export proceeds not realised at the year-end are restated at the rate prevailing at the year end. The exchange difference arising there from has been recognised as income / expenses in the Current Year's Profit & Loss A/c along with underlying transaction.
- c) The premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

NOTES TO STANDALONE FINANCIAL STATEMENTS

SCHEDULE 4 : FIXED ASSETS

For year ended on 31.3.2023

(In Lakhs)

| Block No. | Description Of Assets/Block of Assets | Rate (%) | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | | |
|-------------|--|----------|-----------------|---------------------|------------------|-----------------|--------------|---------------------|------------------|-------------|---------------|------------------|------------------|
| | | | As on 1.04.2022 | Addition/ Deduction | As on 31.03.2023 | As on 1.04.2022 | For The Year | Adjustment for sale | As on 31.03.2023 | Sale Amount | Profit (Loss) | As on 31.03.2023 | As on 31.03.2022 |
| | | | | | | | | | | | | | |
| (I) | Property, Plant & Equipment | | 239.03 | 33.51 | 272.54 | 112.90 | 39.55 | | 152.44 | - | - | 120.09 | 126.12 |
| A | Plant & Machinery | | 196.98 | 1.37 | 198.35 | 82.63 | 26.08 | | 108.71 | - | - | 89.63 | 114.34 |
| 1 | Conveyor Belts | 22.09% | 0.29 | - | 0.29 | 0.13 | 0.03 | - | 0.17 | - | - | 0.12 | 0.15 |
| 2 | Crusher Herqlis Rock Breaker HQ | 22.09% | 9.51 | - | 9.51 | 4.24 | 1.16 | - | 5.40 | - | - | 4.11 | 5.26 |
| 3 | Crusher Plant | 22.09% | 71.27 | - | 71.27 | 32.77 | 8.50 | - | 41.28 | - | - | 29.99 | 38.50 |
| 4 | Electrical Fitting & Installation | 25.89% | 33.28 | - | 33.28 | 16.10 | 4.45 | - | 20.55 | - | - | 12.73 | 17.18 |
| 5 | Electrical Motors | 25.89% | 0.33 | - | 0.33 | 0.17 | 0.04 | - | 0.21 | - | - | 0.12 | 0.16 |
| 6 | Tools and Equipment's | 45.07% | 0.57 | 0.52 | 1.08 | 0.43 | 0.12 | - | 0.55 | - | - | 0.53 | 0.13 |
| 7 | Weigh Bridge | 22.09% | 4.46 | - | 4.46 | 2.05 | 0.53 | - | 2.58 | - | - | 1.88 | 2.41 |
| 8 | Tandem Roller | - | 75.00 | - | 75.00 | 26.15 | 10.79 | - | 36.94 | - | - | 38.06 | 48.85 |
| 9 | Hydraulic roll cleaning broomer | - | 1.40 | - | 1.40 | 0.36 | 0.23 | - | 0.59 | - | - | 0.81 | 1.04 |
| 10 | Pipe- Compresure FB | - | 0.88 | - | 0.88 | 0.22 | 0.14 | - | 0.36 | - | - | 0.52 | 0.66 |
| 11 | Groove Cutter Machine | 22.09% | - | 0.85 | 0.85 | | 0.08 | - | 0.08 | - | - | 0.77 | - |
| B | Office Equipment's | - | 8.44 | 0.97 | 9.42 | 2.20 | 1.88 | | 4.08 | - | - | 5.34 | 6.24 |
| 1 | CC TV Installation | 45.07% | 0.45 | 0.50 | 0.94 | 0.33 | 0.26 | - | 0.59 | - | - | 0.35 | 0.11 |
| 2 | Invertor & Batteries | 45.07% | 0.86 | - | 0.86 | 0.65 | 0.10 | - | 0.75 | - | - | 0.11 | 0.21 |
| 3 | Ac and Led TV | - | 7.13 | 0.48 | 7.61 | 1.21 | 1.52 | - | 2.73 | - | - | 4.88 | 5.92 |
| C | Computer & Peripherals | - | 3.56 | 1.12 | 4.68 | 3.03 | 1.57 | | 4.60 | - | - | 0.08 | 0.53 |
| 1 | Computer | 63.16% | 3.56 | 1.12 | 4.68 | 3.03 | 1.57 | - | 4.60 | - | - | 0.08 | 0.53 |
| D | Leasehold Asset | - | 30.05 | 30.05 | 60.09 | 25.04 | 10.02 | | 35.05 | - | - | 25.04 | 5.01 |
| (II) | Intangible Asset | - | 13.84 | 116.15 | 129.99 | 8.41 | 9.42 | | 17.83 | - | - | 112.16 | 5.44 |
| 1 | Coal Mining Licence | - | - | 88.15 | 88.15 | - | - | - | - | - | - | 88.15 | - |
| 2 | Software | - | 13.84 | 28.00 | 41.84 | 8.41 | 9.42 | - | 17.83 | - | - | 24.01 | 5.44 |
| | | - | 252.87 | 149.65 | 402.53 | 121.30 | 48.97 | | 170.27 | - | - | 232.25 | 131.56 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

5 NON-CURRENT INVESTMENTS

(In Lakhs)

| | Face Value (₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|--|-------------------|----------------------|--------------|----------------------|--------------|
| | | Quantity Nos. | ₹ | Quantity Nos. | ₹ |
| Other Investments | | | | | |
| Investment measured at fair value through other comprehensive income | | | | | |
| In Equity Shares - Quoted, Fully paid up | | | | | |
| Arvind Limited (Formerly Arvind Products Ltd.) | 10 | 90 | 0 | 90 | 0.10 |
| Arvind Fashions Ltd. (Issued 1 share for 5 share of Arvind Ltd.) | 4 | 18 | 0 | 18 | 0.05 |
| Anveshan Heavy Engg Ltd (The Anup Engg. Ltd.) (issued 1 share for 27 shares of Arvind Ltd.) | 10 | 3 | 0 | 3 | 0.02 |
| Arvind Smartspaces Limited | 10 | 9 | 0 | 9 | 0.02 |
| GSL Securities Limited | 10 | 39,200 | 2 | 39,200 | 2.41 |
| ICICI Bank Limited | 2 | 55 | 0 | 55 | 0.40 |
| Jai Prakash Associates Limited | 2 | 7,500 | 1 | 7,500 | 0.62 |
| BPCL (Issued in lieu of 100 shares of Kochi Refinery Ltd.) | 10 | 264 | 1 | 264 | 0.95 |
| Orkay Industries Limited | 10 | 550 | - | 550 | - |
| Steel Authority of India Limited | 10 | 5,500 | 5 | 5,500 | 5.42 |
| Total Quoted Equity Shares | | | 10.00 | | 10.00 |
| In Equity Shares - Unquoted, Fully paid up | | - | - | - | - |
| Total Non-Current Investments | | | 10.00 | | 10.00 |

5.1 CATEGORY-WISE NON-CURRENT INVESTMENT

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Financial Assets measured at cost | - | 453.50 |
| Financial Assets carried at Amortised cost | - | - |
| Financial Assets measured at Fair Value through Other Comprehensive Income | 9.48 | 10.00 |
| Financial Assets measured at Fair Value through Profit and Loss | - | - |
| Total Non-Current Investments | 9.48 | 463.50 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

6 DEFERRED TAX ASSETS

| | (In Lakhs) | |
|---------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Deffered Tax Assets | 0.45 | 0.15 |
| | 0.45 | 0.15 |

6.a MOVEMENT OF DEFERRED TAX LIABILITY

| | (In Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening balance of Deferred Tax Liability(Net) | 0.15 | 3.14 |
| Net Deferred tax liability Recognized during the reporting period of difference in depreciation in block of fixed assets as per tax books and financial books, net of Deferred Tax being depreciation loss unabsorbed during the year recognized. | 0.3 | 3.29 |
| Net Balance(Deferred Tax Asset) | 0.45 | 0.15 |

7 INVENTORIES

| | (In Lakhs) | |
|-------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Raw Materials | 85.53 | 36.61 |
| Work-n Progress | - | - |
| Finished Good | - | - |
| Stock in Transit | - | - |
| Stock in Trade | - | - |
| Stores and Spares | - | - |
| Total | 85.53 | 36.61 |

7.1 Mode of Valuation: Inventories are valued at Lower of cost, computed on a weighted average basis and estimated net realisable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

8 TRADE RECEIVABLES

| | (In Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Trade receivables (considered good) | | |
| -Secured | 5,120.56 | 1,128.47 |
| -Unsecured | - | - |
| Significant Credit risk impaired & Credit impaired | - | - |
| | 5,120.56 | 1,128.47 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

(i) Undisputed Trade receivables - considered goods

| | As at March 31, 2023 | As at March 31, 2022 |
|-------------------|-------------------------|-------------------------|
| (In Lakhs) | | |
| Not Due | | |
| Less than 6 month | 5,012.45 | 1,068.18 |
| 6 month- 1 year | 59.00 | 1.25 |
| 1 - 2 Years | 49.11 | 59.05 |
| 2 -3 Years | - | - |
| More than 3 Years | - | - |
| Total | 5,120.56 | 1,128.47 |

9 CASH AND CASH EQUIVALENTS

| | As at March 31, 2023 | As at March 31, 2022 |
|----------------------|-------------------------|-------------------------|
| (In Lakhs) | | |
| Cash on Hand | 2.70 | 2.63 |
| Balance with Banks : | | |
| RBL Ltd | 0.25 | 0.25 |
| Bank of Maharashtra | 0.81 | 0.83 |
| Union Bank of India | - | - |
| Total | 3.75 | 3.71 |

10 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

| | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------|-------------------------|-------------------------|
| (In Lakhs) | | |
| Cash Deposit with BOM | 173.55 | - |
| Total | 173.55 | - |

11 OTHER FINANCIAL ASSET

| | As at March 31, 2023 | As at March 31, 2022 |
|----------------------------|-------------------------|-------------------------|
| (In Lakhs) | | |
| Advance to Related Parties | 169.33 | 525.16 |
| Other Loans and Advances | 31.00 | 21.87 |
| Interest Receivable | 3.36 | 0.00 |
| Total | 203.69 | 547.03 |

12 CURRENT FINANCIAL ASSET-LOAN

| | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------|-------------------------|-------------------------|
| (In Lakhs) | | |
| Loan to Related Parties | 2,597.57 | 2,593.30 |
| Total | 2,597.57 | 2,593.30 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

(In Lakhs)

| Type of Borrower | As at March 31, 2023 | | As at March 31, 2022 | |
|------------------|----------------------|-----------------|----------------------|-----------------|
| | Amount of loan | % of Total Loan | Amount of loan | % of Total Loan |
| Promoters | - | 0.00% | - | 0.00% |
| Directors | - | 0.00% | - | 0.00% |
| KMPs | - | 0.00% | - | 0.00% |
| Related parties | 2,597.57 | 100.00% | 2,593.30 | 100.00% |
| Total | 2,597.57 | 100.00% | 2,593.30 | 100.00% |

13 OTHER CURRENT ASSET

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Advance To Suppliers | 118.70 | 48.53 |
| Receivables from Statutory Authorities | 230.49 | 232.24 |
| Misc. Current Asset | 2.43 | 2.31 |
| Total | 351.62 | 283.08 |

14 SHARE CAPITAL

| Type of Borrower | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|---------------|----------------------|---------------|
| | Quantity Nos. | ₹ In Lakhs | Quantity Nos. | ₹ In Lakhs |
| Authorised share capital | | | | |
| Equity Shares of ₹ 10/- each | 50,00,000.00 | 500.00 | 50,00,000 | 500.00 |
| | | 500.00 | | 500.00 |
| Issued Capital : | | | | |
| Equity Shares of ₹ 10/- each | 2,40,000.00 | 24.00 | 2,40,000 | 24.00 |
| | | 24.00 | | 24.00 |
| Subscribed and fully paid up Capital : | | | | |
| Equity Shares of ₹ 10/- each | 2,40,000.00 | 24.00 | 2,40,000 | 24.00 |
| Subscribed but not fully paid up Capital : | | | | |
| Equity Shares of ₹ 10/- each | - | - | - | - |
| Total | | 24.00 | | 24.00 |

14.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year

| | As at March 31, 2023 | | As at March 31, 2022 | |
|--|----------------------|--------------|----------------------|--------------|
| | No. of Shares | ₹ In Lakhs | No. of Shares | ₹ In Lakhs |
| Shares outstanding at the beginning of the year | 2,40,000 | 24.00 | 2,40,000 | 24.00 |
| Add: Shares issued during the year | - | - | - | - |
| Less: Shares bought back during the year | - | - | - | - |
| Shares Outstanding at the end of the year | 2,40,000 | 24.00 | 2,40,000 | 24.00 |

14.2 Details of Calls unpaid

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|------------|----------------------|------------|
| | No. of Shares | ₹ In Lakhs | No. of Shares | ₹ In Lakhs |
| Equity Shares with voting rights | | | | |
| - By Directors | - | - | - | - |
| - By Officers | - | - | - | - |
| - By Others | - | - | - | - |
| Total Unpaid Calls | - | - | - | - |

NOTES TO STANDALONE FINANCIAL STATEMENTS

14.3 Terms/Rights attached to equity shares:

The company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31st March 2022, the amount of per share dividend recognized as distributions to equity shareholders was ₹ Nil (31st March 2021 ₹ Nil)

14.4 Details of Equity shareholders holding more than 5 % shares in the Company

| | As at March 31, 2023 | | As at March 31, 2022 | |
|--------------------|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of holding | No. of Shares held | % of holding |
| Manisha Maniyar | 14,457 | 6.02 | 14,457 | 6.02 |
| Shrikant Bhangdiya | 25,002 | 10.42 | 25,002 | 10.42 |
| Megha Bhangdiya | 14,457 | 6.02 | 14,457 | 6.02 |
| Aarti Bhangdiya | 14,457 | 6.02 | 14,457 | 6.02 |
| Sonal Bhangdiya | 14,457 | 6.02 | 14,457 | 6.02 |

14.5 Shareholding of Promoters and Promoters Entity

| | As at March 31, 2023 | | As at March 31, 2022 | |
|--------------------|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of holding | No. of Shares held | % of holding |
| Manisha Maniyar | 14,457 | 6.02 | 14,457 | 6.02 |
| Shrikant Bhangdiya | 25,002 | 10.42 | 25,002 | 10.42 |
| Megha Bhangdiya | 14,457 | 6.02 | 14,457 | 6.02 |
| Aarti Bhangdiya | 14,457 | 6.02 | 14,457 | 6.02 |
| Sonal Bhangdiya | 14,457 | 6.02 | 14,457 | 6.02 |

15 OTHER EQUITIES

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Retained Earnings | | |
| As Per last Balance Sheet | 2,463.40 | 1,367.31 |
| Add / (Less) : Earlier Year Provision | - | 0.16 |
| Add / (Less) : Profit/(Loss) for the year | 1,072.76 | 1,095.94 |
| Balance at end of the reporting period | 3,536.16 | 2,463.40 |
| Equity instruments through other comprehensive income (FVTOCI Reserve) | | |
| As Per last Balance Sheet | (1.34) | (3.25) |
| Add / (Less) : Movement in OCI (Net) during the year | (0.52) | 1.91 |
| Balance at end of the reporting period | (1.86) | (1.34) |

NOTES TO STANDALONE FINANCIAL STATEMENTS

16 BORROWINGS- NON CURRENT

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------|-------------------------|-------------------------|
| Term Loan - From Banks | 6.81 | 32.65 |
| GECL (MSME) - From Banks | 86.95 | 99.38 |
| Total | 93.76 | 132.03 |

16.a Term Loan from Banks are Construction Equipment Loan obtained from Kotak Mahindra Bank Limited secured by First Charge on corresponding equipment financed. Term Loan is repayable in 35 equal instalment with maturity date of June 2023 and rate of Interest of 8.55%

GECL MSME loan is sanctioned by Bank of Maharashtra with tenure of 48 Months. The Rate of Interest is 8.05% and Monthly repayment obligation is ₹ 4.05. Lakhs. GECL MSME Loan is secured by hypothecation of present and future stock of raw materials, work-in-progress, finished goods, stores and spares (not relating to plant and machinery), book debts, outstanding monies, receivables, claims, bills.

17 LEASE LIABILITY

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|-----------------|-------------------------|-------------------------|
| Lease Liability | 16.10 | - |
| Total | 16.10 | - |

18 DEFERRED TAX LIABILITIES

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|------------------------|-------------------------|-------------------------|
| Deferred tax Liability | - | - |
| Total | - | - |

18.a Movement of Deferred Tax Liability

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Opening balance of Deferred Tax Liability(Net) | 0.15 | 3.14 |
| Net Deferred tax liability Recognized during the reporting period of difference in depreciation in block of fixed assets as per tax books and financial books, net of Deferred Tax being depreciation loss unabsorbed during the year recognized. | -0.3 | 3.29 |
| Net Balance(Deferred Tax Asset) | 0.45 | 0.15 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

19 "BORROWING - CURRENT"

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------------------|-------------------------|-------------------------|
| Unsecured Loans From:- | | |
| Related Parties | 104.77 | 41.26 |
| (Repayable on demand) | | |
| Cash Credit from Bank | 431.10 | - |
| Current Maturities of Loan term Debt | 48.60 | 27.72 |
| Total | 584.48 | 68.98 |

19.a Working Capital Loan repayable on demand to be renewed annually and is secured in favour of Lending Bank by hypothecation of present and future stock of raw materials,

Work-in-progress, finished goods, stores and spares (not relating to plant and machinery), book debts, outstanding monies, receivables, claims, bills.

20 TRADE PAYABLE

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| - Total Outstanding dues of MSMEs | | |
| - Total Outstanding Dues of Other Than MSMEs | 3,839.29 | 1,975.40 |
| (i) Related Parties | 60.96 | - |
| (ii) Other Trade Payable | 3,778.33 | 1,975.40 |
| Total | 3,839.29 | 1,975.40 |

(In Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------|-------------------------|-------------------------|
| Undisputed dues | - | - |
| Not Due | - | - |
| Less than 1 Year | 3,153.58 | 1,860.75 |
| 1 - 2 Years | 574.15 | 40.73 |
| 2 - 3 Years | 37.63 | 73.92 |
| More than 3 Years | 73.92 | - |
| Grand Total | 3,839.29 | 1,975.40 |

21 CURRENT PORTION OF LEASE LIABILITY

(In Lakhs)

| | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------------|-------------------------|-------------------------|
| Current Portion of Lease Liability | 9.45 | 5.71 |
| Total | 9.45 | 5.71 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

22 OTHER CURRENT LIABILITIES

| | (In Lakhs) | |
|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Statutory Dues Payables | 34.31 | 129.92 |
| Other Payable | 73.59 | 58.37 |
| Total | 107.90 | 188.29 |

23 PROVISIONS

| | (In Lakhs) | |
|------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Provision for Taxation | 549.42 | 326.38 |
| Other Provisions | 19.77 | 4.57 |
| Total | 569.20 | 330.95 |

24 REVENUE FROM OPERATIONS

| | (In Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | As of 31 st March 2023 | As of 31 st March 2022 |
| a. Revenue from Engineering Consultancy | 4,361.18 | 1,031.85 |
| b. Metal Sale | 6,519.32 | 5,623.73 |
| Total | 10,880.50 | 6,655.58 |

25 OTHER INCOME

| | (In Lakhs) | |
|-----------------------------|--------------------------------------|--------------------------------------|
| | As of 31 st March 2023 | As of 31 st March 2022 |
| a. Misc. Receipt | 31.50 | 506.31 |
| b. Machineries Hire Receipt | 296.01 | - |
| Total | 327.51 | 506.31 |

26 COST OF MATERIAL CONSUMED

| | (In Lakhs) | |
|----------------------------|--------------------------------------|--------------------------------------|
| | As of 31 st March 2023 | As of 31 st March 2022 |
| Cost of material purchased | 3,583.69 | 2,555.54 |
| Total | 3,583.69 | 2,555.54 |

27 CHANGE IN INVENTORY

| | (In Lakhs) | |
|----------------------------|--------------------------------------|--------------------------------------|
| | As of 31 st March 2023 | As of 31 st March 2022 |
| Opening stock | 36.61 | 6.40 |
| Closing stock | 85.53 | 36.61 |
| Change in inventory | (48.92) | (30.21) |

NOTES TO STANDALONE FINANCIAL STATEMENTS

28 EMPLOYEE BENEFIT EXPENSE

(In Lakhs)

| | As of 31 st March 2023 | As of 31 st March 2022 |
|--------------------|--------------------------------------|--------------------------------------|
| Salaries and wages | 283.60 | 185.43 |
| Total | 283.60 | 185.43 |

29 FINANCE COST

(In Lakhs)

| | As of 31 st March 2023 | As of 31 st March 2022 |
|---------------------------|--------------------------------------|--------------------------------------|
| Interest on Loan | 50.97 | 46.33 |
| Interest on Statutory Due | 36.04 | 0.98 |
| Other Interest | 1.81 | 1.61 |
| Total | 88.82 | 48.93 |

30 POWER AND FUEL

(In Lakhs)

| | As of 31 st March 2023 | As of 31 st March 2022 |
|----------------|--------------------------------------|--------------------------------------|
| Power and fuel | 1,596.38 | 225.71 |
| Total | 1,596.38 | 225.71 |

31 MACHINERY HIRE CHARGES

(In Lakhs)

| | As of 31 st March 2023 | As of 31 st March 2022 |
|------------------------|--------------------------------------|--------------------------------------|
| Machinery Hire Charges | 681.34 | 21.87 |
| Total | 681.34 | 21.87 |

32 SUB CONTRACT CHARGES

(In Lakhs)

| | As of 31 st March 2023 | As of 31 st March 2022 |
|----------------------|--------------------------------------|--------------------------------------|
| Sub Contract Charges | 1,623.21 | 957.65 |
| Total | 1,623.21 | 957.65 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

33 OTHER EXPENSE

| | (In Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | As of 31 st March 2023 | As of 31 st March 2022 |
| Consultancy Charges for DP, Survey & Mapping | 183.65 | 70.17 |
| Crusher Handling Expenses | 171.54 | 379.62 |
| Crusher Site Expenses | 341.10 | 80.85 |
| Drilling & Blasting Charges | 289.87 | 239.54 |
| Royalty Expenses | - | 316.55 |
| Transportation Expense | 701.48 | 634.68 |
| Other Misc. Expense | 222.08 | 117.07 |
| Payments to auditors:- | | |
| For Statutory Audit | 1.75 | 1.10 |
| Total | 1,911.47 | 1,839.57 |

34 CONTINGENT LIABILITIES NOT PROVIDED FOR

| | (In Lakhs) | |
|---|------------|------------|
| | 31.03.2023 | 31.03.2022 |
| Estimated amount of contracts remaining to be executed on capital account | Nil | Nil |
| Claims against company not acknowledge as debt | Nil | Nil |
| Foreign Exchange earnings and out-go is ₹ NIL (P.Y. NIL) | Nil | Nil |

| | (In Lakhs) | |
|--|------------|------------|
| | 31.03.2023 | 31.03.2022 |
| 35 Foreign Exchange earnings and out-go is ₹ NIL (P.Y. NIL) | Nil | Nil |

36 SEGMENT INFORMATION FOR THE PERIOD ENDED ON 31ST MAR 2023

| | (In Lakhs) | |
|---|------------------|-----------------|
| | 31.03.2023 | 31.03.2022 |
| 1. Segment Value of Sales and Services | | |
| Engineering Consultancy Segment | 4,361.18 | 1,031.85 |
| Metal Sale (Stone Crusher) Segment | 6,519.31 | 5,653.94 |
| Gross Value of Sales & services | 10,880.50 | 6,685.79 |
| Less: Inter Segment Transfer value of Sales and Services | - | - |
| Less: GST Recovered | - | - |
| Revenue from operations | 10,880.50 | 6,685.79 |
| 2. Segment Results (EBDITA) | | |
| Engineering Consultancy Segment | 2,056.63 | 74.20 |
| Metal Sale (Stone Crusher) Segment | 405.49 | 1,427.89 |
| Total Segment Profit before Interest, Depreciation, Tax and Amortization | 2,462.13 | 1,502.10 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

(In Lakhs)

| | 31.03.2023 | 31.03.2022 |
|---|------------------|-----------------|
| 3. Segment Results (EBIT) | | |
| Engineering Consultancy Segment | 2,056.63 | 74.20 |
| Metal Sale (Stone Crusher) Segment | 356.53 | 1,375.70 |
| Total Segment Profit before Interest and Tax | 2,413.17 | 1,449.91 |
| (i) Finance cost | (88.82) | (48.93) |
| (ii) Other Income | 307.63 | 506.31 |
| (iii) Other Unallocable Expenses | (1,192.53) | (602.08) |
| Profit Before Tax | 1,439.456 | 1,305.21 |
| (i) Current Tax | 367 | 212.57 |
| (ii) Deferred Tax | (0.3) | (3.29) |
| Profit After Tax | 1,072.76 | 1,095.94 |
| 4. Segment Asset | | |
| Engineering Consultancy Segment | 1,784.00 | 306.99 |
| Metal Sale (Stone Crusher) Segment | 1,150.20 | 821.48 |
| Unallocable Assets | 5,844.25 | 4,058.95 |
| Total Segment Asset | 8,778.45 | 5,187.42 |
| 5. Segment Liabilities | | |
| Engineering Consultancy Segment | 2,115.57 | 95.31 |
| Metal Sale (Stone Crusher) Segment | 1,723.72 | 319.33 |
| Unallocable Liabilities | 1,380.89 | 2,286.71 |
| Total Segment Liabilities | 5,220.18 | 2,701.36 |

37 LIST OF RELATED PARTIES:

Related party in which directors are interested

Balaji Stone Crusher & Infraventures Pvt Ltd.
 Kitadi Torgaon Highway Pvt. Ltd.
 Mahendra Construction
 Mks Acme-Build Pvt Ltd
 Mks Constro Venture Pvt. Ltd.
 Mks Flexituff Ltd.
 Mks Industries
 Mnc - Mks (Jv)
 Mul Podsa Roadways Pvt Ltd
 Shankarpur Chimur Highway Pvt Ltd
 Shanta Infraventure
 Surbodi Bhsi 167 Highway Pvt. Ltd.
 B. K. Buildcon
 Hps Construction
 R.B. Infra
 Lokshahi Publication Pvt. Ltd.

Key Managerial Personnel and Director

Mr. Shrikant Bhangdiya – Managing Director
 Mrs Sonal Bhangdiya – Director

Relatives of Key Managerial Personnel

Aarti Bhangdiya – Wife of Director
 Kirti Kumar Bhangdiya
 M G Bhangdiya

Directors are Trustees in the Trust

Bhangdiya Foundation

NOTES TO STANDALONE FINANCIAL STATEMENTS

(In Lakhs)

| Name of the Party | Nature of transaction | 31.03.2023 | March 31, 2022 |
|--|-----------------------------|------------|----------------|
| Mr. Shrikant Bhangdiya | Managerial Remuneration | 60.00 | 60.00 |
| Mrs. Sonal Kirtikumar Bhangdiya | Managerial Remuneration | 12.00 | 14.00 |
| MKS Acme Build Private Limited | Interest free loan given | 321.00 | |
| | repayment received | 300.00 | |
| | - taken | | 5.50 |
| | - repaid | | 6.50 |
| MKS Constro- Venture Private Limited | 1.Sales | 7,965.56 | 140.17 |
| | 2.Purchase | - | |
| | 3.Loan | | |
| | -Given | 1,619.63 | |
| | repayment received | 1,668.38 | |
| | - Taken | - | 1,756.65 |
| | - Repaid | - | 1,821.41 |
| MKS Flexituff Limited | Advance | | |
| | -Given | 10.00 | 114.5 |
| | -Repaid | | 157.01 |
| MNEC – MKS (JV) | Sales | 247.30 | 375.6 |
| BK Buildcon | Share of Profit | 20.00 | 236.97 |
| | Investment made | | |
| | Sales | 2,312.06 | 2,480.27 |
| | 3.Loan | | |
| | -Given | 42.87 | 280.42 |
| | -Repayment received | 413.46 | 168.35 |
| HPS Construction | Sales | 425.38 | 775.00 |
| | Share of Profit | .93 | 30.97 |
| | Investment Made | | |
| | 3.Loan | | |
| | -Given | 260.46 | 146.41 |
| | -Repayment received | 395.80 | 316.98 |
| RB Infra | Share of Profit | 1.66 | 226.71 |
| | Investment Made | - | 463.06 |
| | Investment Repaid | 312.51 | |
| | 3.Loan | | |
| | -Given | 317.36 | |
| | -Repayment received | 317.36 | |
| | Purchase | 9.25 | |
| | Sales | 1,745.29 | 2,194.65 |
| Shanta Infraventure | Share of Profit | 2.89 | 7.97 |
| | Investment Made | | 63.09 |
| | 3.Loan | | |
| | -Given | 145.10 | |
| | -Repayment received | 5.01 | |
| | Sales | | 23.26 |
| Mahendra Construction | Purchase | - | 162.13 |
| | Advance against Services | - | |
| Balaji Stone Crusher & Infrastructure Pvt Ltd. | Loan Given | - | 0.50 |
| Bhangdiya Foundation (L & A) | Loan Given | 6.90 | 3.00 |
| | -Repayment received | 6.90 | |

NOTES TO STANDALONE FINANCIAL STATEMENTS

(In Lakhs)

| Name of the Party | Nature of transaction | 31.03.2023 | March 31, 2022 |
|------------------------------------|-----------------------|------------|----------------|
| Shrikant Bhangdiya | Loan | | |
| | Taken | - | 120.59 |
| | Repaid | - | 120.59 |
| Aarti Bhangdiya | Loan | - | - |
| | Taken | - | - |
| | Repaid | - | - |
| Lokshahi Publication Pvt. Ltd. | Loan | - | - |
| | Taken | - | - |
| | Repaid | - | - |
| Kirtikumar Bhangdiya-USL | Loan | - | - |
| | -Given | 5.00 | - |
| | -Repayment received | 5.00 | - |
| Surbodi Bhis 167 Highway Pvt. Ltd. | Loan | - | - |
| | -Given | - | 578.45 |
| | -Repayment received | - | 21.65 |
| | Sales | 62.70 | .00 |
| Shankarpur Chimur Highway Pvt Ltd | Loan | - | - |
| | -Given | 4.74 | 39.50 |
| | -Repayment received | .47 | 0 |
| | Sales | .00 | 0 |
| Mul Podsa Roadways Pvt Ltd | Loan | - | - |
| | -Given | - | 897.00 |
| | -Repayment received | - | - |
| | Sales | - | - |
| Kitadi Torgaon Highway Pvt. Ltd. | Loan | - | - |
| | -Given | - | 1,100.00 |
| | -Repayment received | - | - |
| | Sales | - | - |

Balance of related party for the year ended 31st March 2023

| Related Party | Closing Balance 31.03.2023 | Closing Balance 31.03.2022 |
|---|-------------------------------|-------------------------------|
| | In Lakhs | In Lakhs |
| Balance at the End of the Year | | |
| 1. Related party in which directors are interested | 7,794.18 | 2,958.89 |
| • Loans | 2,727.19 | 2,489.03 |
| • Trade Receivables | 5,066.99 | 248.07 |
| • Capital Investment | - | 221.79 |
| 2. Joint Venture | | |
| 3. Partnership firms | - | 1,778.83 |
| • Loans | - | 727.02 |
| • Trade Receivables | - | 820.11 |
| • Trade Payable | - | - |
| • Investment in Capital Firm | - | 231.71 |
| 4. Relatives of Directors or Directors in a company | | |
| 5. Directors are Trustees in the Trust | | |

NOTES TO STANDALONE FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS

Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Company and provides additional information the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in Note 2.

Financial Instruments – fair values and risk management

| Particulars | FVTPL | FVTOCI | March 31, 2023 Carrying Amount |
|------------------------------|-------|--------|-----------------------------------|
| Financial Assets | | | |
| Investments – Non current | | 9.48 | - |
| Loans – Non Current | | | - |
| Cash and Cash Equivalents | | | 3.75 |
| Other Financial Assets | | - | 203.69 |
| Financial Liabilities | | | |
| Borrowings- Current | | - | 584.48 |
| Trade payables – Current | | - | 3,839.29 |
| Other Financial Liabilities | | | 0 |

Financial Instruments – fair values and risk management

| Particulars | FVTPL | FVTOCI | March 31, 2022 Carrying Amount |
|------------------------------|-------|--------|-----------------------------------|
| Financial Assets | | | |
| Investments – Non current | | 10.00 | 453.50 |
| Loans – Non Current | | | |
| Cash and Cash Equivalents | | | 3.71 |
| Other Financial Assets | | - | 547.03 |
| Financial Liabilities | | | |
| Borrowings- Current | | - | 68.98 |
| Trade payables – Current | | - | 1,975.40 |
| Other Financial Liabilities | | | 0 |

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management is an integral part of how to plan and execute its business strategies

Market risk

The company manages market risk through a risk management committee engaged in, inter-alia, evaluation and identification of risk factors with the object of governing/mitigating them according to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments. The Board provides oversight and reviews the Risk management policy on a yearly basis

Interest rate risk

The company is not exposed to significant interest rate risk as at the respective reporting dates

Foreign currency risk

The company is not exposed to significant interest rate risk as at the respective reporting dates.

NOTES TO STANDALONE FINANCIAL STATEMENTS

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The company considers reasonable and supportive forward-looking information.

Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for maintenance of liquidity (including quasi liquidity), continuity of funding as well as timely settlement of debts. In addition, policies related to mitigation of risks are overseen by senior management. Management monitors the Company's net liquidity position on the basis of expected cash flows vis a vis debt service fulfilment obligation.

Financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the company. The company provides for overdue outstanding for more than 90 days other than institutional customers which are evaluated on a case to case basis

40 DEFERRED TAXES ON INCOME

The company is entitled to create deferred tax asset/ liability in the books of A/cs with respect to timing difference of carried forward business and depreciation losses as well as depreciation.

| | (In Lakhs) | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Opening balance of Deferred Tax Asset(Net) | 0.15 | 3.14 |
| Net Deferred tax Recognized during the reporting period of difference in depreciation in block of fixed assets as per tax books and financial books, net of Deferred Tax being depreciation loss unabsorbed during the year recognized. | 0.30 | 3.29 |
| Net Balance (Deferred Tax Asset) | 0.45 | 0.15 |

41 DISCLOSURE AS PER IND-AS 116

a. Right to use Assets

The right to use asset for lease assets is recognized as under :-

| | (In Lakhs) | |
|--|--------------|-------------|
| | 2023 | 2022 |
| a. Gross Carrying Amount | | |
| Opening/Recognized | 30.05 | 30.05 |
| Additions/Disposals | 30.05 | - |
| Balance as at the Year End | 60.09 | 30.05 |
| b. Accumulated Depreciation | | |
| Opening | 25.04 | 15.02 |
| Depreciation for the year | 10.02 | 10.02 |
| Balance as at the Year End | 35.05 | 25.04 |
| c. Net carrying Amount as at the Year End | 25.04 | 5.01 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

b. Lease Liability

| | (In Lakhs) | |
|---|--------------|-------------|
| | 2023 | 2022 |
| a. Maturity Analysis – Contractual undiscounted Cash Flows | | |
| Less than one year | 12.00 | 6.00 |
| One to five years | 18.00 | - |
| Total Undiscounted Liabilities | 30.00 | 6.00 |
| b. Lease Liability included in The Financial Statements | | |
| Current | 9.45 | 5.71 |
| Non – Current | 16.10 | - |
| Total | 25.55 | 5.71 |

c. Amount recognized in Profit and Loss account

| | (In Lakhs) | |
|-----------------------------|------------|------|
| Particular | 2023 | 2022 |
| Interest on Lease Liability | 1.79 | 1.61 |

- 42** In the absence of confirmation from some of the parties and pending reconciliation the debit and credit balances with regard to recoverable and payable have been taken as reflected in the books. In the opinion of the Directors, Loans and Advances and Current Assets, if realized in the ordinary course of business, have the value at which they are stated in the Balance Sheet.
- 43** As per Accounting Standard 20 “Earning Per Share” issued by Institute of Chartered Accountant of India the Company gives following disclosure for the year.

Basic & Diluted Earnings per shares

| | | (In Lakhs) | |
|--|------------|------------|----------|
| Particulars | | 2023 | 2022 |
| Net Profit Attributable to Shareholders | ₹ In Lakhs | 1,072.24 | 1,097.84 |
| Weighted average number of equity shares | No. | 2,40,000 | 2,40,000 |
| Nominal Value per share | ₹ | 10 | 10 |
| Earnings per share | ₹ | 446.77 | 457.43 |

- 44** The figures of the previous year have been regrouped and recast wherever necessary to confirm to the groupings of the current year
- 45** There were no outstanding Dues to Micro, Small and Medium Enterprises to the Extent Information Available with the Company and the Payments in respect of such suppliers are made within the appointed day.
- 46** Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April, 2021. MCA issued notifications dated 24 March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1 April, 2021.

NOTES TO STANDALONE FINANCIAL STATEMENTS

47 RATIOS

| (In Lakhs) | | | |
|--|----------------|----------------|------------|
| Particular (Formula) | March 31, 2023 | March 31, 2022 | Variance % |
| a) Current Ratio (Current Asset/ Current Liability) | 1.67 | 1.79 | (0.07) |
| b) Debt Equity ratio (Total Debt/ Shareholders Equity) | 0.19 | 0.08 | 1.36 |
| c) Debt Service Coverage Ratio (Earnings before Interest, Tax, Depreciation & Amortisation/Interest and Principal Repayment) | 12.41 | 19.38 | (0.36) |
| d) Return on Equity (Profit After Tax / Average Shareholders Equity) | 0.35 | 0.57 | (0.37) |
| e) Inventory Turnover Ratio (Revenue from Operation / Average Inventory) | 178.15 | 309.47 | (0.42) |
| f) Trade Receivable Turnover Ratio (Revenue from Operations / Average Trade Receivables) | 3.48 | 5.07 | (0.31) |
| g) Trade Payable Turnover Ratio(Total purchases / Average Trade Payables) | 1.23 | 1.59 | (0.23) |
| h) Net Capital Turnover Ratio (Revenue from Operations / Net Working Capital) | 3.18 | 3.28 | (0.03) |
| i) Net Profit Ratio (Profit After Tax / Revenue from Operations) | 0.10 | 0.16 | (0.40) |
| j) Return on Capital Employed (Profit before tax and Interest / Capital Employed) | 0.42 | 0.50 | (0.17) |
| k) Return on Investment | NA | NA | NA |

Explanation

- 1) Significant increase in Current Borrowing resulted in increase in Debt to Equity ratio
- 2) Debt Service Coverage Ratio has reduced due to increase in Interest on Borrowing
- 3) Due to Increase in Average Shareholders' Equity Return on Equity has declined
- 4) The rise in Revenue from operation led to decrease in the Inventory turnover ratio.
- 5) The uptick in trade receivable led to a corresponding increase in the Trade Receivable turnover ratio
- 6) NP ratio has experienced a decline due to substantial rise in expenses related to Power and Fuel as well as Machine Hiring

48 DISCLOSURE UNDER SECTION 135 OF THE COMPANIES ACT: CSR

| Particulars | Amount In lakhs |
|--|--|
| Amount required to be spent during the year | 21.46 |
| Amount of expenditure incurred | 6.90 |
| Shortfall at the end of the year | 14.56 |
| Total of previous year shortfall | 4.24 |
| Reason for shortfall | The Company could not spend the balance amount as the Company could not identify suitable projects |
| Nature of CSR activities | Education, Girl Child Birth Promotion, Women Empowerment Programme |
| Details of related party transactions; contribution to trust controlled by company as per AS | Bhangdiya Foundation |
| Where a provision is made w.r.t liability incurred, the movement in provision during the year should be shown separately | |

NOTES TO STANDALONE FINANCIAL STATEMENTS

49 ADDITIONAL NOTES AS PER SCHEDULE III:

Additional Regulatory Information as required by paragraph 2 of the General instruction for preparation of CFS as per Schedule III to the Companies Act, 2013

1. No proceedings have been initiated or pending against the Company for holding any Benami Property under Prohibitions of Benami Transactions Act, 1988 (Earlier titled as Benami Transactions (Prohibitions) Act, 1988).
2. The Company has borrowings from Banks or Financial Institutions on the basis of Fixed Deposits in India. However, no quarterly return or statement is required to be filed with the bank or Financial Institution. In case of foreign Joint Venture, borrowing is secured by current Assets but no quarterly return is prescribed thereat.
3. The Company has not been declared as wilful defaulter.
4. The Company has no transaction with Companies which are stuck off under section 248 of the Companies Act, 2013 or under section 530 of Companies Act, 1956.
5. No charges are pending for registration or satisfaction with the Registrar of Companies (ROC).
6. The Company is in compliance with the no. of layers as prescribed under clause (87) of section 2 of The Companies Act, 2013 read with the Companies (Restriction on Number of Layers) Rules, 2017.
7. During the year, no Scheme of Arrangement has been formulated by the Company/pending with competent authority.
8. The Company does not have transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the Tax Assessments under the Income Tax Act, 1961.
9. The Company has not traded or invested in Crypto Currency or Virtual Currency during the year.
10. The company has not revalued Property, Plant and Equipment during the year.
11. The Company has not advanced or loaned or invested funds, with any understanding, to any other person(s) or entity(ies), including foreign entities (Intermediaries) that the Intermediary shall:
 - a. 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
 - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
12. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a. 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
 - b. Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

As per our report of even date,

For Joshi & Shah

Chartered Accountants
FRN.- 144627W

Sd/-

Jaydip Joshi

Partner
Membership No.170300
UDIN:-23170300BGYZ8756

Place : Mumbai

Date : 30-05-2023

For and on behalf of the board of Directors

Sd/-

Shrikant Bhangdiya

Managing Director
DIN: 02628216

Sd/-

Anil Khawale

Chief Financial Officer

Sd/-

Sonal Bhangdiya

Director
DIN:03416775

Sd/-

Shaline Singh

Company Secretary



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