



ANNUAL REPORT

2020 - 21



SUNFLAG MERCHANTS PVT LTD





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ABOUT THE COMPANY

Sunflag Merchants Private Limited (SMPL) is a registered NBFC providing comprehensive financial solution to the people who are deprived from mainstream financial services through formal sources /channels. Sunflag works for alleviation of poverty through economic intervention and social empowerment of the underprivileged class of the society, with special focus on women and promotes work empowerment. M/s. Sunflag is equipped with technology-driven delivery model ensuring low cost operations and innovative products which best suit the requirement of its clientele. During 2016, the management acquired this NBFC.



LEGAL CREDENTIALS

Company Name	: Sunflag Merchants Private Limited
Corporate Identification Number	: U51909WB1995PTC069463
Incorporation Details	: Incorporate on 16th March, 1995 with ROC, Kolkata
Registered Office Address	: Station Road, P.O. : Rahara, North 24 PGS, Kolkata – 700 118
Registration with RBI	: Registered with RBI as NBFC (COR B-05.03990)
Permanent Account Number	: AADCS5720P
GST Registration No.	: 19AADCS5720P1ZU
Enlistment No. / ID No.	: 2002312408 under Khardah Municipality
EPF Registration No.	: WBTLO2055707000
ESIC Registration No.	: 40000481910001099
Contact No.	: (033) 2568 1845
Email	: sunflag.merchants@gmail.com

STATUTORY AUDITORS

M/s. K. N. Jain & Co.
Chartered Accountants,
“Vasundhara Apartment”, 2nd Floor,
2/7, Sarat Bose Road, Kolkata – 700 020
Ph. : 033 4006-9588, M : +91 9836159000
E-mail : info@knjainco.com, Web : www.knjainco.com





OUR MISSION

With a vision of a just, enlighten, healthy and democratic India free from the evils of gender discrimination, illiteracy, secured hunger, poverty and exploitation where men and women move forward to achieve highest levels of humanity and solidarity



OUR VISSION

Our mission is to create opportunities for the distressed, disadvantage and deprived segments of the society with a prime focus on poor women so that they can attain socio - economic empowerment and substantial social and economic development.



Risk management

The Company has a Risk management policy where in all material risk faced by the company Viz. Credit Risk, Operational Risk, Regularity Risk, price and interest rate risk are identified and assessed. Risk management department headed and managed by competent, qualified and experienced personnel for identification, assessment and managing-mitigating risk related issues across the company. For each of the risk identified in the process, corresponding controls are assessed and policies and procedure are put in place for monitoring, mitigating and reporting on risk on a periodic basis.



Life Insurance



We cover life insurance for our client and for their spouses. In the unfortunate event of natural or accidental death of a client or spouse (Guarantor), the insurance amount helps the survivor cover the outstanding loan as well as receive the benefits of a life cover. We have partnered with Pramerica Life insurance to offer a Group Term Life (GTL) insurance policy, with different insurance schemes based on loan type and repayment mode.

Credit Bureau

Sunflag Merchants Pvt. Ltd happens to be a member of EQUIFAX, CIBIL, HIGHMARK, and EXPERIAN Credit Bureau in the field of sector that collects information of the borrowers from various sources and provides credit information on individual consumer for variety of uses.





Letter to the Stakeholders

It gives me immense pleasure to present to you our Annual Report for the financial year ended 31 March, 2021. This report describes the financial results of Sunflag Merchants Private Limited during this period 2020–21 and also highlights some of the key operational performance during this period. I am pleased to share that due to COVID-19 situation Sunflag has slightly decreased outstanding growth in AUM and profitability. In fact, the last three financial years (FY: 2017–18, 2018–19 & 2019–20), the Company has reported extremely AUM growth, growing from 1.72 Crores in FY17-18 to 5.36 Crores in FY19-20. We have successfully diversified the AUM in the states of west Bengal and Bihar. The Company has started business operation in the Katihar district of Bihar, North 24 PGS & Uttar Dinajpur of West Bengal capturing three districts in these two states. A total of 03 branches were opened in Bihar and West Bengal is perfectly translated the signs of successful operation at the ground. Based on current trends and prospects, we are confident of our continuing outperformance over the industry in the foreseeable future as well. Let me take this opportunity to introduce a brief background of the Company. M/s. Sunflag Merchants Private Limited is a Non-Banking Financial Company (NBFC) registered under Reserve Bank of India (RBI) Kolkata. We started our lending operation way back in the year 2017-18 with its head office at Kolkata, by providing small ticket size loan to the poor woman in rural and semi-urban area. Our Company provides livelihood promotion services comprising of livelihood and other financial services to those population currently operating in 2 states (West Bengal and Bihar).

Performance of the Company : Our company has successfully started its operation in the states of Bihar and West Bengal turned the focus to backward districts. The Company is determined for opening its more Branches in the states of Bihar in the succeeding financial year keeping our mission and vision in mind. The Company has a network of 03 branches across 2 States with presence in 03 districts, 375 Village. Due to lockdown & COVID–19 situation the loan net profit has been decreased around 28% from the previous financial year. The Company's operational revenue also decreased by 23.84% compared to FY19-20. Loan loss provisions stood at Rs. 0.05 Crores

made for period FY20-21 as per the company's policy. The profit after tax has stood to Rs. 0.51 crores in the FY 20–21 from Rs. 0.71 crores in the last financial year. In keeping with the trend of recent years, and considering the adverse effect of economic slowdown, liquidity crisis from Bank/FI of and maintaining adequate liquidity for repayment of debts (short tenor Banks/FIs/NBFC loans) for MFIs, our Company's performance in the year under review was, by all measures, again remarkable. At the end of this eventful and successful year, I would like to take this opportunity to extend my sincere thanks to our clients, employees, banking partners, Board of Directors and well-wishers for segments which are mostly un-reached by the formal banking systems with the principal purpose of promoting sustainable livelihoods. Also, Company is going to develop and implement mobile based application (android app) to take care the micro finance field level operations.

As you know the company's Mission is to provide cost effective financial services and integrated community development, for economic and social empowerment of women leading to better livelihood opportunities and the Vision of the Company is to spread in West Bengal and neighboring states through different financial and development activities. I am looking forward for your continued support for our healthy business propagates in future.

With best wishes,

Subrata Ghosh
Managing Director



Board of Directors



Mr. Subrata Ghosh (Director)

Mr. Subrata Ghosh an M. Com (MBA – Finance) from Calcutta University. He brings with him an enriched experience of Micro Finance Industry for over 17 years. He is associated with a MFI. He has a clear vision about the organization in the dynamic Micro Finance Industry and has detailed knowledge in finance, fund raising, ground level operations and other allied activities. His leadership qualities and communication skills has taken him to the position of Director of the Company and also a member of the Audit committee of the Company. He has enriched his knowledge by attending different programs and seminars on this field organized by different leading institutions. Being the Director of the Company he looks after the Finance, Administration and Audit of the Company.

Mr. Chanchal Majumder (Additional Director)

Retired as Senior most General Manager of UCO Bank (Public sector Bank) and Head of the Credit Monitoring Department along with Head of Stressed Assets Management Vertical having more than 5 and half years' experience as GM handling all sorts of borrowal accounts (both small , medium and big) under stressed, special mention accounts. Experience as a Zonal Manager (as DGM) of Mumbai, the largest zone of UCO bank in India. Experienced leading as a Branch Head (as AGM/ DGM) Mid Corporate/Flagship Corporate branch, D N Road Mumbai followed by Flagship Corporate Branch, Nariman Point, Mumbai(Largest branch UCO bank in India) for almost 4 and half years managing both mid and large corporate borrowal accounts of almost of leading corporate entities in India.

Acting as director of SunflagMarchents Pvt. Ltd. for the last 01 years, the captioned NFBC and engaged in bulk lending to other organizations and small ticket lending for last 2 year. He is highly proficient in critical functional disciplines like risk-analysis, contingency - management, corpus - building strategies etc.



Mr. Sunil Kumar Chakraborty (Non-Executive Director)

30 years' experience in UCO Bank as an officer and Branch Manager. He had exposure to operations, credit and rural finance. After retirement attached to 'Sunflag Merchants Private Limited'. He has evinced tremendous efficiency and peerless prudence in managing the financial resource of the organization. He is highly proficient in critical functional disciplines like risk-analysis, contingency - management, corpus - building strategies etc.

Mrs. Rita Ghosh (Director)

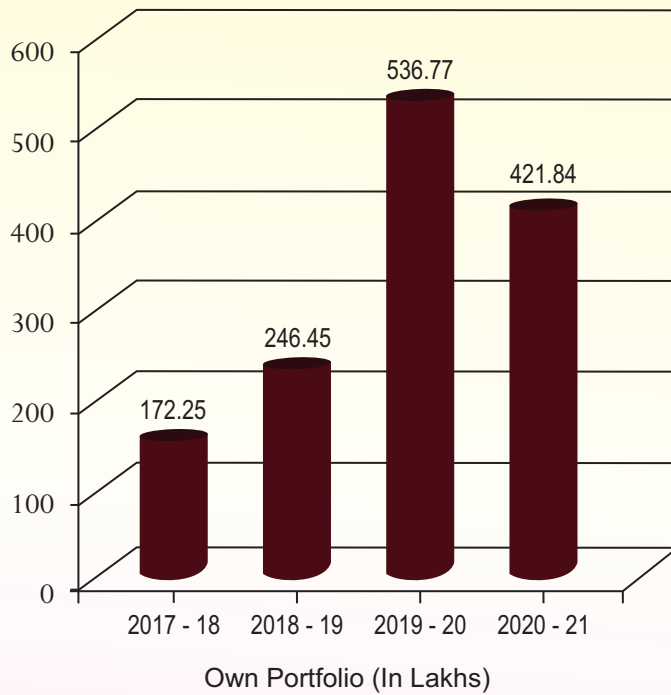
She is associated with a registered society as Coordinator for last 07 years. The organization is engaged in poverty eradication through financial inclusion and also helping in livelihood promotion activities. The principal areas of activities are in West Bengal. The target populations are hailed from the financially weaker sections of the society.





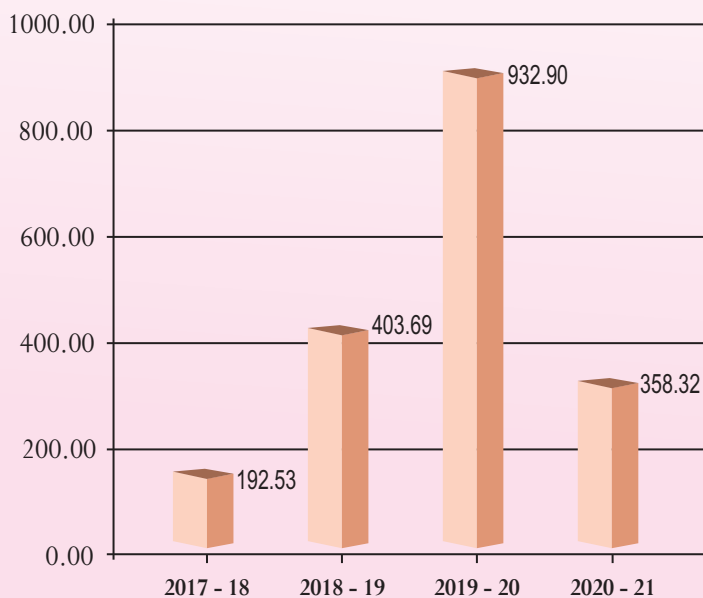
Key Trends

Portfolio in Lakhs :



Financial Year	Own Portfolio (In Lakhs)
2017 - 18	172.25
2018 - 19	246.45
2019 - 20	536.77
2020 - 21	421.84

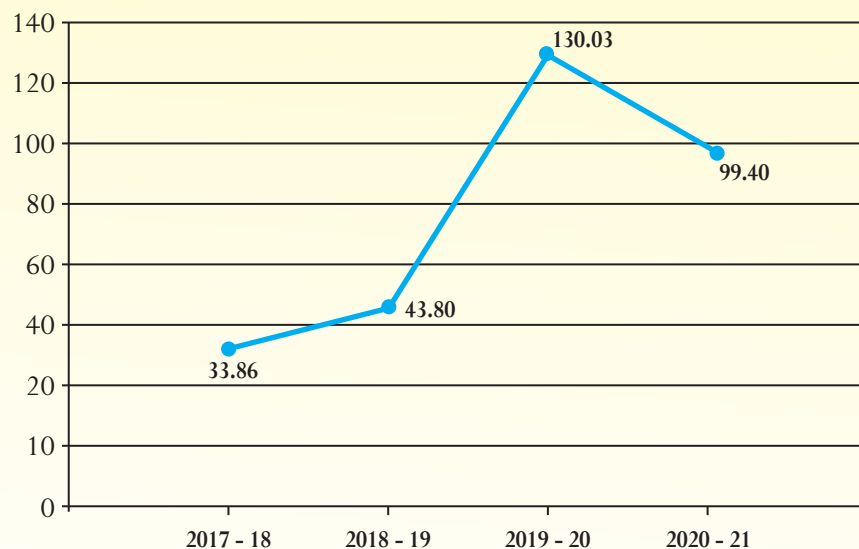
Loan Disbursement (In Lakhs)



Financial Year	Loan Disbursement (In Lakhs)
2017 - 18	192.53
2018 - 19	403.69
2019 - 20	932.90
2020 - 21	358.32



Gross Revenue (In Lakhs)



Financial Year	Gross Revenue (In Lakhs)
2017 - 18	33.86
2018 - 19	43.80
2019 - 20	130.03
2020 - 21	99.40

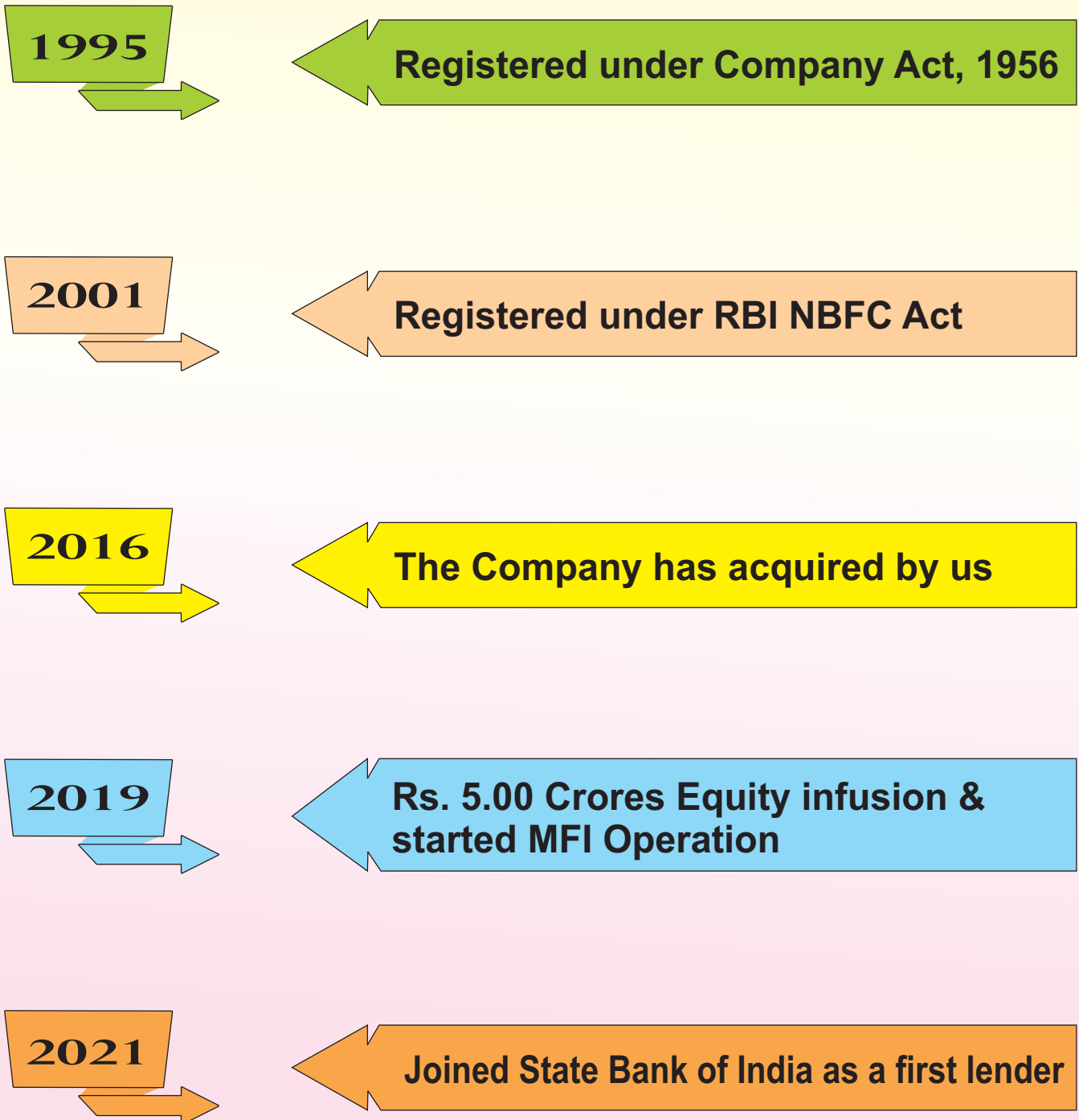
Net Profit (In Lakhs)



Financial Year	Net Profit (In Lakhs)
2017 - 18	19.38
2018 - 19	24.24
2019 - 20	71.45
2020 - 21	50.88



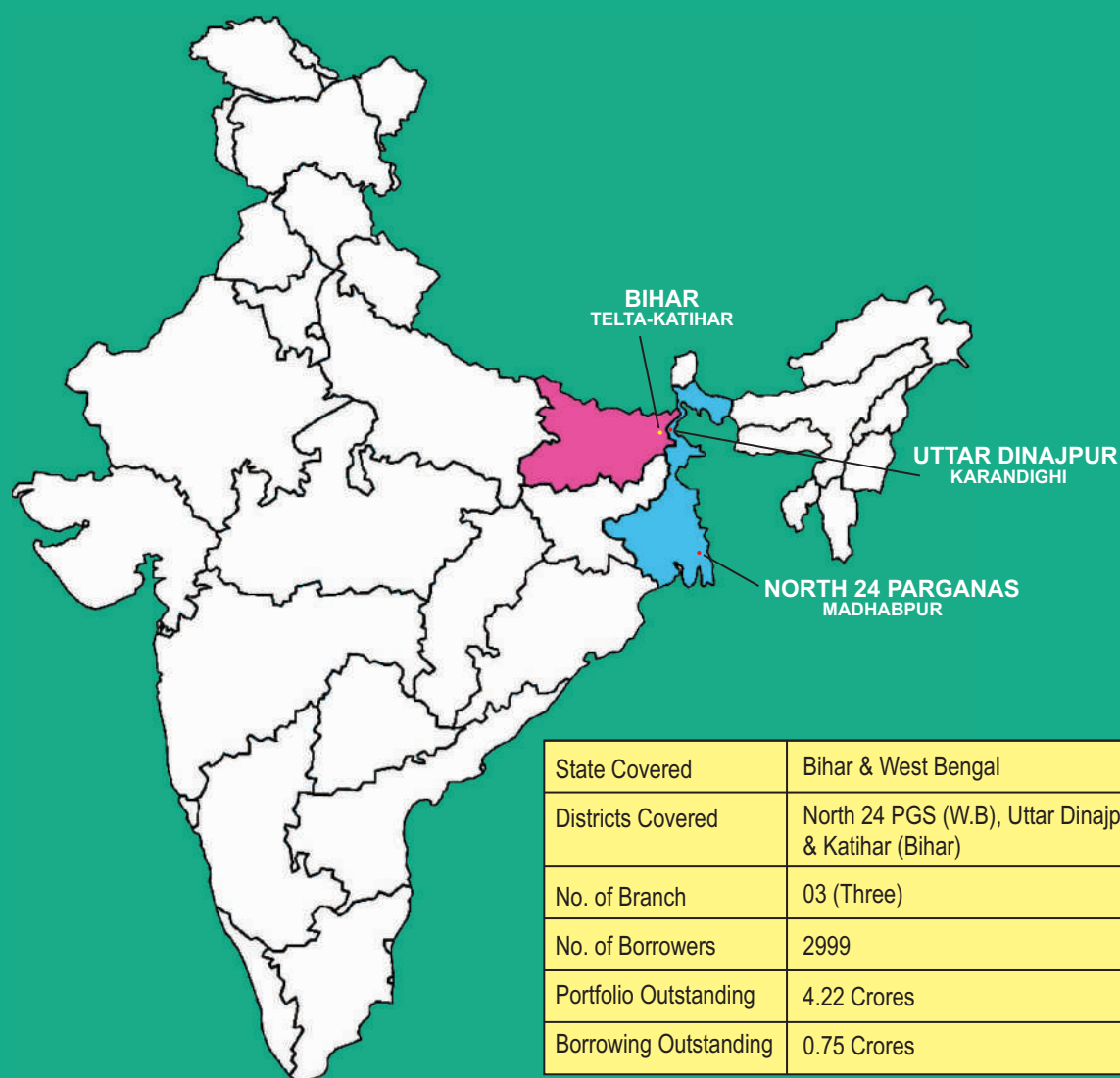
Milestones Achieved





Operational Presence as on March, 2021

OUR OPERATIONAL AREAS



State wise percentage of portfolio

West Bengal
39.94%

Bihar
60.06%



Our Loan Products

Sunflag provides micro credit to the deprived women of the society to smooth their livelihood and give them a better standard of living. Sunflag offers small loans to women in between 10,000 to 30,000 to support for income generation as per RBI Guidelines. Loans are normally offered for productive purposes and income generating activities such as agriculture and allied activities, small businesses, small trading, service, small transport etc. Loans are not usually offered for housing or personal consumption; however, SMPL has taken steps to offer Micro Sanitation Loan and Education Loan to its clients. Presently we have following types of loan :

Income Generating Loan : We provide small loan to our members who are engage in agriculture/ small trading/ small business/service/small transport etc. The amount of small loan varies from 10,000to 30,000. The total tenure for this loan is 12 Months Apart from this we used to collect loan processing fees @ 1% on the principal loan amount.

Sanitation Loan : We provide small loan to our clientsfor construction of new toilets purpose. The amount of small loan is Rs.20,000/- only. The total tenure for this loan is 18 Months Apart from this we used to collect loan processing fees @ 1% on the principal loan amount. This loan is eligible to those clients only who have either no toilet in the houses or using poor toilet system.

Education Loan : We provide Educational Loan to our clients who are in need of money for education of their children. The amount of Educational loan is either 5,000 or 10,000/-depends on demand. The total tenure for this loan is 12 Months. Apart from this we collect loan processing fees @ 1% on the principal loan amount.



Management Information System & Training

SMPL maintains its MIS through a software called “BIJLI” developed by Force ten Technologies Private Limited. The software provides various features such as Web Based Centralized solution, Maker-Checker concept for all modules, Group & Individual Client registration workflow module, Batch processing of group transactions etc. Daily transactions are updated in the MIS and verified. SMPL also prepares a separate MIS for Cash management. It is a desktop based application. All Branches are computerized and branch level can update the customer details. It is real time updation which helps day end processing is collected in Head Office level to review details the following day. Most of the operations from member creation to loan application, sanction, repayment tracking, report generation, etc. can be performed through the software. All types of report can be generated through the software.



Training & Development

1) Human Resource : Sunflag believes that human resource is a key strength of an organization. SMPL has laid down satisfactory HR policies in place for its present scale of operations. SMPL has appointed senior management/officer-in charge who oversees staff recruitment, incentive planning, annual performance appraisal and training of its staff. Professional grooming and leadership development are another two areas that the organization continues to give emphasis. The training and development cell will make sure the availability of a skilled and willing work force to the organization which has many benefits like optimum utilization of human resources, development of human resources, growing productivity team spirit, healthy work environment quality, morale and finally the behavioral improvement of an employee.

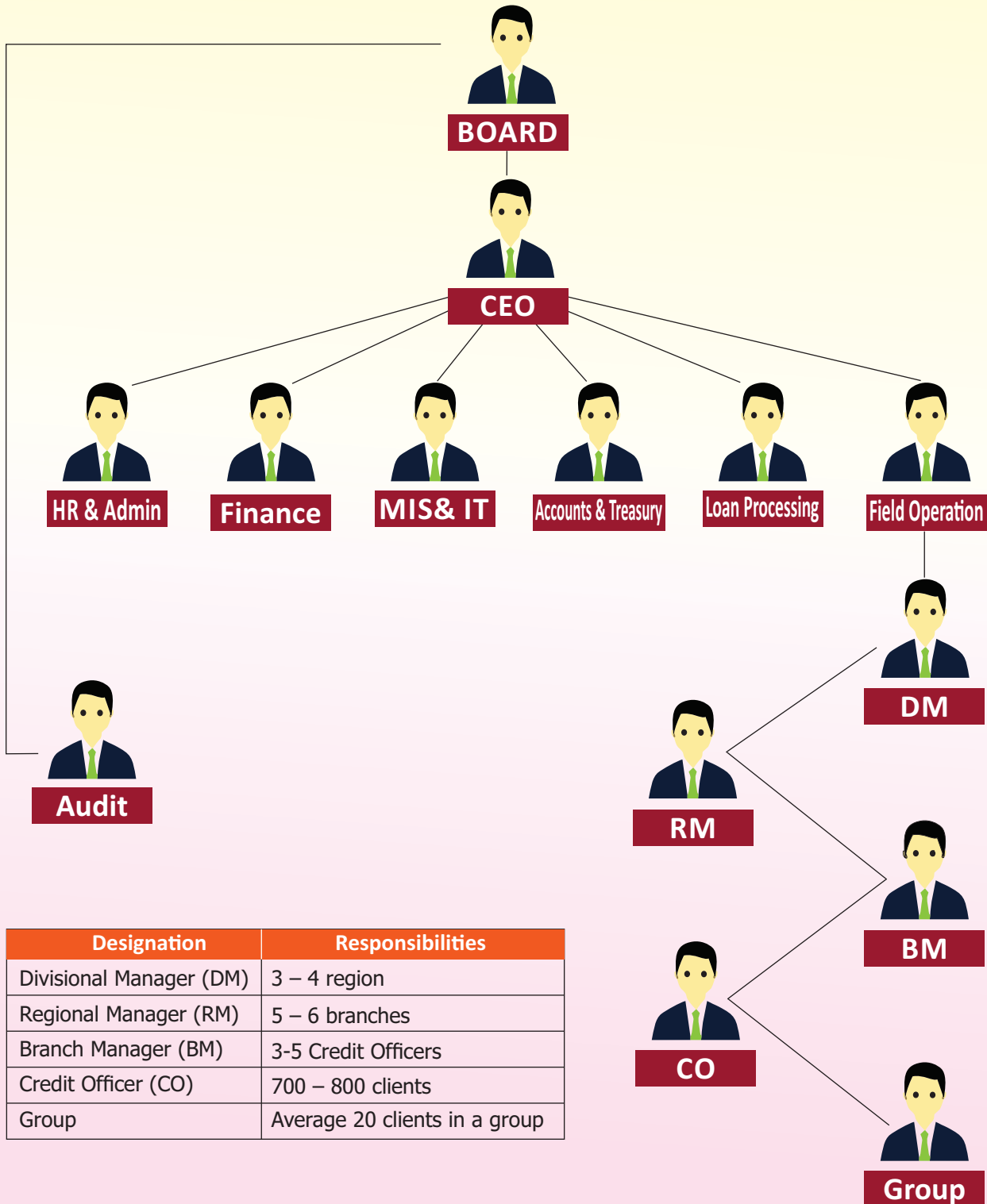
During this year, a large number of participants have attended the virtual meeting. During the period FY 2020-21, Sunflag has conducted many skill development training & capacity building sessions for new as well as present employees. There have been four types of training module held during the year for the target participants like BM/CO/RM/DMs and supervisors. HRD team moderate the training courses along with the help of experienced of internal & external trainers.

2) Software training : SMPL maintains its MIS through a software called “BIJLI” developed by Force Pen Technologies Private Limited. This is a routine training program for all the field and HO staffs to have familiar with company's online software platform, functions and modalities its usage in safe and secure manner. This is an interactive live sessions for the target audience to know from the internal or external experts various software related updates, changes as per the company's physical needs of running the business. The training is very much necessary for applying the MFI Software operation & KYC upload for group members.





Internal Control System





Success Story



Mrs. Soma Guha,

North 24 PGS, West Bengal

I was faded up with financial institution. Nobody agreed to give me a loan without security or fixed deposit of double the amount. Now I am very happy to get loan from Sunflag Merchants Private Limited. From 2017, I am the client of Sunflag. I have slowly been able to establish four handloom from one. My children are going to school. I have built a small house and purchase a small amount of land contiguous to my house. Now I am expecting more loans and want to build a good bathroom and a latrine. Loan from sunflag is helping us a lot.



Mrs. Manika Singha,

Uttar Dinajpur, West Bengal

Sunflag Merchants Private Limited



Associations

State Bank of India




Certificate of Membership

This Certifies that

Sunflag Merchants Private Limited

is a Registered Member of CRIF High Mark Credit Information Services Pvt. Ltd.,
(Erstwhile known as High Mark Credit Information Services Pvt. Ltd.)
bearing **Membership Number*: NBF0001575**

VALUED MEMBER SINCE 2017



Authorized Signatory

- Membership Due for renewal : October 2021



Certificate Of Membership

SUNFLAG MERCHANTS PRIVATE LIMITED

Name of Member

16-Nov-2017

Date of Membership

NB4276

Member Code



Satish Pillai
Managing Director, CIBIL







AUDITORS' REPORT

SUNFLAG MERCHANTS PRIVATE LIMITED

For the Year 2020-21

By

K. N. Jain & Co.

Chartered Accountants

2/7, Sarat Bose Road

“Vasundhara Apartment” 2nd Floor

Kolkata - 700 020

Phone: 033 4006-9588. M: +91 9836159000

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K. N. Jain & Co.
Chartered Accountants

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E-mail: info@knjainco.com, Web www.knjainco.com

BRANCHES:

•RANIGANJ

Independent Auditor's Report

To the Members of

SUNFLAG MERCHANTS PRIVATE LIMITED

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **SUNFLAG MERCHANTS PRIVATE LIMITED** ("the Company"), having its registered office at Station Road, P.O. -Rahara, North 24 Parganas, Kolkata - 700118, which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss and statement of cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statement"..

In our opinion and to the best of our information and according to explanation 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 in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act read with relevant rules issued there under, of the state of affairs of the Company as at March 31, 2021, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statement in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are Independent of the Company in accordance with code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and rules thereunder, and we have fulfilled our other ethical requirements 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 audit opinion on the financial statement.

Emphasis of Matter

We draw attention to note 2.8 to the Statement, which describes the uncertainty caused by the continuing COVID-19 pandemic and the related probable events which could impact the Company's estimates of impairment of loans to customers. Our opinion is not modified in respect of this matter

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

The Company's Board of Directors is responsible for the preparation of other information. The other information comprise the information included in the management discussion and analysis, Board's report including annexure to Board's Report, Business Responsibility report, Corporate Governance and Shareholder's information, but does not include the financial statement and our auditor's 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 and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that 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 responsible for overseeing the company's financial reporting process.

Auditor's Responsibility 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 misstatement, 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 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 through 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether





the Company has adequate internal financial controls system in place and operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures and whether the Financial Statement represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the Financial Statement that, individually or in aggregate, makes it probable those economic decisions of a reasonably knowledgeable user of the financial statement may be influenced. We consider quantitative materiality and qualitative factors in (I) planning the scope of our audit work and in evaluating the results of our work; and (II) to evaluate the effect of any identified misstatements in the financial statements.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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 and the statement of profit and loss dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;





- e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**" to this report
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations which would materially impact its financial position.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses
 - iii. There is no amount required to be transferred, to the Investor Education and Protection Fund by the Company.

Date: 30th June, 2021
Place: Kolkata

For K. N. JAIN & Co.
Chartered Accountants
Firm Reg. No-319119E

CA Samya Sengupta
Partner
Membership No. 059027
UDIN 21059027AAAACJ1523





ANNEXURE "A" TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of SUNFLAG MERCHANTS PRIVATE LIMITED ("the Company") for the year ended 31st March 2021. We report that:

1. Fixed Asset
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As per the information and explanation given to us the Company has carried out physical verification of its assets. No material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The Company is a Non-Banking Financial Company; it does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company and hence not commented upon.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (III) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provision of section 185 and 186 of the Act are applicable and hence not commented upon.
5. The Company has not accepted any deposits from the public.
6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the product/services of the Company
7.
 - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, GST, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, GST, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
 - b) According to the records of the Company, there was no dues outstanding of Income-tax, sales-tax, service tax, GST, duty of custom, duty of excise, value added tax and cess or on the on account of any dispute.





8. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank, debenture holder or government.
9. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.
Further, monies raised by the Company by way of term loans were applicable for purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or on the Company by the executives and employees of the Company has been noticed or reported during the year.
11. According to the information explanations given by the management, the managerial remuneration has been paid and provide in accordance with the requisite approvals maintained by the provisions of section 197, read with Schedule V to the Act.
12. In our opinion the Company is not a nidhi company. Therefore, the provisions of clause 3(Xii) of the Order are not applicable to the Company and hence not commented upon.
13. According to information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
14. According to the Information and explanations given to us and on an overall examination of the balance sheet the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the company.
15. According to the Information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them.
16. According to the Information and explanations given to us, we report that the company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

Date: 30th June, 2021
Place: Kolkata

For K. N. JAIN & Co.
Chartered Accountants
Firm Reg. No-319119E

CA Samya Sengupta
Partner
Membership No. 059027
UDIN 21059027AAAACJ1523





ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 (g) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date to the member of **SUNFLAG MERCHANTS PRIVATE LIMITED** on the Financial Statements for the year ended 31 March 2021.

Report on The Internal Financial Controls Under Clause (1) of Sub-Section 3 of Section 143 of The Act

We have audited the internal financial controls over financial reporting of **SUNFLAG MERCHANTS PRIVATE LIMITED** ("The Company") as of 31st March, 2021 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 internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material 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 judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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

According to the information and explanations given to us and based on our audit, in our opinion, the Company has generally maintained, in all material respects, an adequate internal financial controls over financial reporting were generally operating effectively as of 31st March, 2020 based internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date: 30th June, 2021
Place: Kolkata

For K. N. JAIN & Co.
Chartered Accountants
Firm Reg. No-319119E

CA Samya Sengupta
Partner
Membership No. 059027
UDIN 21059027AAAACJ1523





**To the Members of
SUNFLAG MERCHANTS PRIVATE LIMITED**

In addition to our independent audit report to the members of SUNFLAG MERCHANTS PRIVATE LIMITED ("the Company") for the year ended 31st March 2021. In considering the RBI Notification No. DNBS. 201 /DG(VL)-2008 dated September 18, 2008 we additionally report that

In reference of Para 3 A

1. The company is engaged in the business of non-banking financial institution and it has obtained a Certificate of Registration (CoR- No. B.05.03990) from the Bank.
2. The company is entitled to continue to hold CoR in terms of its asset/income pattern as on March 31, 2021
3. The company is not an Asset Finance Company (AFC)

In reference of Para 3 B

1. The company is not a non-banking financial company accepting/holding public deposits hence para 3 B is not applicable.

In reference of Para 3 C

1. The Board of Directors has passed a resolution for non- acceptance of any public deposit.
2. The company has not accepted any public deposits during the current financial year i.e. 2020-21
3. The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and amended time to time.
4. The company is not a Systemically Important Non-deposit taking NBFC hence Prudential Norms as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies is not applicable


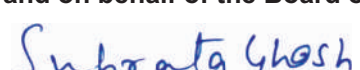
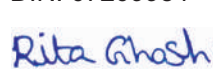


Date: 30th June, 2021
Place: Kolkata

For K. N. JAIN & Co.
Chartered Accountants
Firm Reg. No-319119E

CA Samya Sengupta
Partner
Membership No. 059027
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SUNFLAG MERCHANTS PVT LTD			
Station Road, P.O.- Rahara, North Parganas, Kolkata - 700118 CIN: U51909WB1995PTC069463 Email Id: sunflag.merchants@gmail.com			
Balance Sheet as at 31st March, 2021			
Particulars	Note No.	As at March 31,2021	As at March 31,2020
		(Amount in Rs.)	(Amount in Rs.)
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2.1	46861200	46861200
(b) Reserves and Surplus	2.2	19196877	14100699
		66058077	60961899
2 Share Application money pending allotment		-	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings	2.3	5429607	-
(b) Differed tax Liabilities (Net)		-	-
		5429607	-
4 Current Liabilities			
(a) Other Current Liabilities	2.4	2557418	200613
(b) Short-Term Provisions	2.5	2337416	3236262
		4894834	3436875
		76382517	64398774
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	2.6		
(i) Tangible Assets		102531	175232
(ii) Intangible Assets		25912	70336
		128443	245568
(b) Non-Current Investments		2300000	-
(c) Deferred tax asset (net)	2.16	14034	22975
(d) Long-Term Loans and Advances		-	-
(e) Other Non-Current Assets		-	-
		2314034	22975
2 Current Assets			
(a) Inventories		-	-
(b) Sundry Debtors		-	-
(c) Cash and Cash Equivalents	2.7	29837238	8383117
(d) Short-Term Loans and Advances	2.8	42199339	53701875
(e) Other Current Assets	2.9	1903464	2045238
		73940040	64130231
		76382517	64398774
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	1	-	-
As per our report attached For K. N. Jain & Co. Chartered Accountants Firm's Registration No. 319119E  CA. Samya Sengupta Partner M.No 059027 UDIN:21059027AAAACJ1523 Place : Kolkata Date :30th June, 2021		For and on behalf of the Board of Directors  Subrata Ghosh DIN: 07209984  Rita Ghosh DIN: 07974998	
			



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Station Road, P.O.- Rahara, North Parganas, Kolkata - 700118
CIN: U51909WB1995PTC069463 Email Id: sunflag.merchants@gmail.com

Statement of Profit and Loss for the Year ended on 31st March, 2021

Particulars	Note No.	As at March 31,2021	As at March 31,2020
		(Amount in Rs.)	(Amount in Rs.)
1 Revenue From Operations	2.10	9263192	12837461
Other Income	2.10	676556	165340
2 Total revenue		9939748	13002802
3 Employees' Benefit Expenses	2.11	1209801	1036215
Financial Cost	2.12	8359	23022
Other Expenses	2.13	1446039	1537540
Depreciation	2.6	117125	134267
Baddebt Written Off		271169	
Contingent Provision against Standard Assets		-	438189
4 Total Expenses		3052493	3169233
5 Profit /Loss before exceptional and extraordinary items and tax (2 - 4)		6887255	9833569
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 ± 6)		6887255	9833569
8 Extraordinary items		-	-
9 Profit / (Loss) before tax (7 ± 8)		6887255	9833569
# Tax expense:			
(a) Current Tax Expense		1800647	2699493
(b) (Less): MAT credit		-	-
		1800647	2699493
(c) Current tax expense relating to prior years		-	-
(d) Net current tax expense		1800647	2699493
(e) Deferred Tax		8941	(10,622)
		1809588	2688871
Profit / (Loss) for the year (9 ± 10)		5077667	7144698
EARNINGS PER EQUITY SHARE			
Equity shares of par value ' 10/- each			
Basic		1.08	1.58
Diluted		1.08	1.58
Number of shares used in computina earninas per share			
Basic		4686120	4510595
Diluted		4686120	4510595
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	1		

As per our report attached

For K. N. Jain & Co.

Chartered Accountants

Firm's Registration No. 319119E

CA. Samya Sengupta

Partner

M.No 059027

UDIN:21059027AAAACJ1523

Place : Kolkata

Date :30th June, 2021



For and on behalf of the Board of Directors

Subrata Ghosh
DIN: 07209984

Rita Ghosh
DIN: 07974998





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Cash Flow Statement For the year ended 31st March, 2021

Particulars	As at March 31,2021	As at March 31,2020
	(Amount in Rs.)	(Amount in Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	6887255	9833569
Add:		
Depreciation on Fixed Assets	117125	134267
Contingent Provision against Standard Assets	-	438189
Less:		
Non-operating income	-	-
Operating Profit before Working Capital Change	7004379.99	10406025
Adjustment for		
(Increase)/ Decrease in Operating Assets		
Inventory	-	
Short-Term Loans and Advances	11644311	(30250668)
Other Current Assets	-	-
Trade Receivables	-	-
Increase/ (Decrease) in Operating Liability		
Trade Payables	-	
Other Current Liabilities	(2394570)	(792681)
Cash generation from operations before tax and extra ordinary items	16254121	(20637324)
Less: Direct taxes paid	-	-
Cash generation from operations before extra-ordinary items	16254121	(20637324)
Add: Income tax refunded	-	-
Net Cash Flow From Operating Activities (A)	16254121	(20637324)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-	(188911)
Sale of Fixed Assets	-	
Decrease/(Increase investment)	(6300000)	-
Increase in long term advances	-	
Capital Work in Progress	-	
Net Cash Flow From Investing Activities (B)	(6300000)	(188911)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Share Capital	-	21063000
Share Premium	-	3159450
Secured Loan Received during the Year	7500000	
Repayment of Loan	-	(573544)
Adjustment of reserve and Surplus (Tax Payment)	-	(12353)
Short term borrowing	-	-
Net Cash Flow From Financing Activities (C)	7500000	23636553
Net Increase or Decrease in Cash and Cash Equivalents (A+B+C)	17454121	2810318
Add: Opening Cash and Cash Equivalents	8383117	5572799
Closing cash and cash equivalents as per Books	25837238	8383117

As per our report attached

For K. N. Jain & Co.

Chartered Accountants

Firm's Registration No. 319119E

CA. Samya Sengupta

Partner

M.No 059027

UDIN:21059027AAAACJ1523

Place : Kolkata

Date :30th June, 2021



For and on behalf of the Board of Directors

Subrata Ghosh

Subrata Ghosh

DIN: 07209984

Rita Ghosh

Rita Ghosh

DIN: 07974998









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