

SONAL MERCANTILE LIMITED

{CORPORATE SOCIAL RESPONSIBILITY POLICY}

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

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

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

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

1. SCOPE OF THE POLICY

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

2. COMPOSITION

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

S.N.	Name of Directors	Nature of Directorship/Designation	Number of meetings held during the year	Number of meetings attended during the year
1	Mr. Vikram Goyal	Whole Time Director /Chairman	5	5
2	Mr. Rajan Goyal	Non Executive Director/Member	5	5
3	Mr. Pardeep Kumar	Independent Director/Member	5	5

4	Mr. Deepak	Independent Director/Member	5	5
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3. OPERATING FRAMEWORK

CSR activities may be undertaken by the Company.

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

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

The responsibility for implementation of identified activities/ projects shall be as per the organizational structure approved by the CSR Committee/Board of Directors.

The annual plan shall incorporate the following:

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

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

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

4. DECISION MAKING BY THE BOARD OF DIRECTORS/CSR COMMITTEE

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

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

5. CSR SPENDING

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

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

6 CSR IMPLEMENTATION

It is ensure that the CSR activities are undertaken by the Company itself or through-

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

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

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

The CSR Committee/Board of Directors shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the chief financial officer of the Company.

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

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

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

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

7. MONITORING

The CSR Committee/Board of Directors shall ensure a transparent monitoring mechanism for CSR activities.

- (a) The progress of the CSR activities shall be reviewed at least twice a year, including the annual review by the Board of Directors in consultation and recommendation and suggestion with CSR Committee.

(b) The Chief Financial Officer shall be responsible for monitoring expense on CSR activities with respect to the plan and submission of the same to the Board.

(c) The Board of Directors shall review the progress of CSR activities at least annually/quarterly.

8 DISCLOSURE

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

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

9 CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

Company's primary focus areas for CSR activities are:

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

10 AMENDMENTS

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

REPORT ON CSR ACTIVITIES

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

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Vikram Goyal	Whole Time Director /Chairman	5	5
2	Mr. Rajan Goyal	Non Executive Director/Member	5	5
3	Mr. Pardeep Kumar	Independent Director/Member	5	5
4	Mr. Deepak	Independent Director/Member	5	5

- 3. Provide 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 :** The Composition of CSR committee, CSR Policy and CSR projects approved by the board are available on the website of the Company at www.sonalmercantile.in.

- 4. Provide 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 section 135(5) : Rs 13,29,98,562.04
(b)	Two percent of average net profit of the company as per section 135(5) : Rs. 26,59,971.24
(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)] : Rs. 26,59,971.24

6.

(a)	Amount spent on CSR Projects (other than Ongoing Project) : Rs. 28,67,360.64
(b)	Amount spent in Administrative Overheads: Nil
(c)	Amount spent on Impact Assessment, if applicable: Nil
(d)	Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs. 28,67,360.64

e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135 (6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5).		
Rs. 28,67,360.64	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	Not Applicable				

f. Excess amount for set-off, if any:

Sl. No.	Particular	Amount
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as section 135(5):	Rs. 26,59,971.24
(ii)	Total amount spent for the Financial Year:	Rs. 28,67,360.64
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]:	Rs. 2,07,389.40
(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)]:	Rs. 2,07,389.40

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

Sl No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135(6) (in Rs.)	Balance Amount in Unspent CSR Account under sub section (6) of section 135 (in Rs.)	Amount spent in the Financial year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any	Amount remaining to be spent in succeeding Financial year (in Rs.)	Deficiency, if any
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					Name of the Fund	Amount (in Rs.)	Date of transfer		
1	01.04.2024 - 31.03.2025	22,90,000	Nil	22,90,000	NA	NA	NA	NA	NA
2	01.04.2023 - 31.03.2024	12,50,000	Nil	12,50,000	NA	NA	NA	NA	NA
3	01.04.2022 - 31.03.2023	11,40,000	Nil	11,40,000	NA	NA	NA	NA	NA

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

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

(All the fields should be captured as appearing in the revenue record, flat no, house no Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two percent of the net profit as per section 135(5): Not Applicable

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

**Date: September 02nd, 2026
Place: New Delhi**

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

**Rajan Goyal
Director
DIN: 02600825**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Developments

Sonal Mercantile Limited is a **NBFC** and is engaged mainly in the business of providing Loans & Advances and also to make investment in both quoted and unquoted securities. The industry structure relevant to the Company's operations is mainly concerned with the Capital Market.

The NBFCs sector is undergoing a significant transformation at present and has come to be recognized as an important element of the Financial System. The recent issue in financial sector has highlighted the necessity, importance and significant role, the NBFCs play in development of nation's infrastructure.

In the financial system of India, importance of NBFCs has been much discussed. RBI has been setting right its regulatory and supervising policies from time to time to keep pace with the changes in the environment.

NBFCs have been actively fuelling the growth of the economy especially the infrastructure part of the economy and have been supplementing the Banking system effectively and thus enhancing competition and diversification in the financial sector.

The NBFCs have attracted substantial investments during the recent years both from the retail and from the wholesale side. The growth also has been significant during this year. The NBFCs have been catalysts in accelerating the growth in the semi urban and rural areas. The projections made by RBI and other financial forecasts give substantial growth opportunities for the industry in the coming years.

NBFCs continued to grow their share in the financial services industry. This growth momentum of NBFCs should result in their share in the financial services sector increasing in the near future.

2. Business Overview

Your Company is engaged in the business of providing Loans & Advances and investment in Securities, both quoted and unquoted. Company can expect future growth and development in its business. The vision of the Company is very clear and the management wants to increase its scale of operations.

3. Opportunities and Threats

The NBFC industry holds immense potential and the Government of India's increased focus towards Financial inclusion has created various opportunities for existing NBFCs to leverage on their established customer base in rural areas. The above opportunities have made the Industry highly competitive with the emergence of new category of systematically important NBFCs. Along with existing local and Multinational players leading to tough competition within the industry.

However, we feel that the opportunities will soon arise in the markets upon the corrective policies by the government and better fiscal management which will strengthen the economy.

4. Segment-Wise Performance

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

5. Outlook

It is projected to strengthen over the projected period and hope to find some concrete business opportunity to expand the business of the Company.

6. Risk and Concern

Your Company at present is exposed to the normal industry risk factor of volatility in interest rate, economic cycle and credit risk. It has not yet decided its future course of activities. The impact of new activity, as when decided, will be known in the future.

7. Adequacy of Internal Control

The established Internal Control System of your Company are adequate to ensure that all the activities are monitored and controlled against any misuse or misappropriation of asset and that the transactions are authorized, recorded and reported correctly. More so, these internal control systems are regularly monitored by the audit committee of your Company and are improved upon on regular basis.

8. Discussion on Financial Performance with respect to Operational Performance

The brief on Financial Performance of the Company is already provided in the Boards' Report and Financial statements of the Company.

9. Human Resource Development

The Board of Directors of your company would like to place on record their sincere appreciation for the efforts and contribution made by all the employees of the Company in the challenging environment. Your Directors take this opportunity to thank all employees for rendering impeccable services to every constituent of Company, customers and shareholders. The Company has a well-defined appraisal system to assess and reward the employees appropriately and also to gauge the potentials of the individuals.

10. Cautionary Statement

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate intend, will, expect and other similar expressions are intended to identify "Forward Looking Statements". The company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Actual results could differ materially from those expressed or implied. Important factors that could make the difference to the Company's operations include cyclical demand and pricing in the Company's principal markets, changes in Government Regulations, tax regimes, economic developments within India and other incidental factors.

11. Appreciation

Your Directors would like to express their sincere appreciation and thanks for the co-operation and assistance received from the shareholders, bankers, investors, auditors and other government agencies during the year under review. The Board expressed its appreciation and gratitude for the guidance and cooperation extended to the company by RBI, statutory authorities and regulators. The Board records the commitment and dedication of its employees.

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

**Date: September 02nd, 2026
Place: New Delhi**

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