

SONAL MERCANTILE LIMITED

{CORPORATE SOCIAL RESPONSIBILITY POLICY}

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

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

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

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

1. SCOPE OF THE POLICY

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

2. COMPOSITION

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

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

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

3. OPERATING FRAMEWORK

CSR activities may be undertaken by the Company.

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

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

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

The annual plan shall incorporate the following:

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

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

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

4. DECISION MAKING BY THE BOARD OF DIRECTORS

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

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

5. CSR SPENDING

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

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

6. CSR IMPLEMENTATION

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

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

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

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

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

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

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

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

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

7. MONITORING

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

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

8 DISCLOSURE

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

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

9 CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

Company's primary focus areas for CSR activities are:

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

10 AMENDMENTS

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

REPORT ON CSR ACTIVITIES

1. Brief Outline on CSR Policy of the Company:

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

2. Composition of CSR Committee: N.A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Rajan Goyal
Director
DIN: 02600825**