

Protium

CORPORATE SOCIAL RESPONSIBILITY POLICY (“CSR POLICY”)

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Review Period	Annual
Approved by Board of Directors	19.01.2026
Version	4
Formation	24.01.2023

Version History

Sr. No.	Version	Revision Summary	Approving Authority	Effective Date
1	Version 1	Created	Board of Directors	24.01.2023
2	Version 2	Annual Review	Board of Directors	20.01.2024
3	Version 3	Annual Review with minor changes	Board of Directors	25.01.2025
4	Version 4	Annual Review with minor changes	Board of Directors	19.01.2026

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1. Introduction and Background

Protium Finance Limited (hereinafter referred to as ‘the Company’ or ‘Protium’ or ‘PFL’), is a non-deposit taking Non-Banking Financial Company - Investment and Credit Company categorized as a Middle Layer NBFC (‘NBFC ICC ML’). The Company provides both secured and unsecured loans to individuals and educational institutions, and also extends secured and unsecured loans to Micro, Small, and Medium Enterprises (MSMEs) across India.

Ministry of Corporate Affairs (‘MCA’) has issued guidelines on Corporate Social Responsibility under Section 135 of Companies Act, 2013 read with Schedule VII i.e., Companies (Corporate Social Responsibility Policy), Rules 2014 (‘CSR Rules’) to companies meeting certain criteria. The Company meets the criteria laid down under provisions of Companies Act, 2013 and it is required to formulate and adopt Corporate Social Responsibility (‘CSR’) Policy.

This policy lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large. The Company’s CSR policy has been framed in accordance with Section 135 of the Companies Act, 2013 and the rules framed thereunder. This Policy covers all the internal dimensions of the CSR structure and further captures and sets out the process of implementation of the CSR related activities.

This Policy is effective from January 24, 2023, as amended from time to time and is duly approved by the Board of Directors of the Company.

2. Scope and Objective

The objective of CSR is to benefit the society by improving the quality of individuals, their families and local community at large.

Protium through its CSR activities intends **to participate in the overall development of the society and encourage alignment with Social** Development Goals (SDGs) related to gender sensitivity, skill enhancement, entrepreneurship development, research in education, Hygiene & Water etc.

This Policy shall apply to all the CSR projects undertaken by the Company, whether such project is executed in collaboration with any other company or on its own.

3. Definitions

- (a) **“Act”** means Companies Act, 2013 including any Statutory modification or re- enactment thereof.
- (b) **“Administrative overheads”** means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- (c) **“Board”** means Board of Directors of the Protium Finance Limited.
- (d) **“Corporate Social Responsibility” (CSR)** means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the CSR Rules, but shall not include the following, namely:

(i) activities undertaken in pursuance of normal course of business of the Company.

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

- (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
- (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- (ii) any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act.
- (iv) activities benefitting employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019).
- (v) activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services.
- (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

(e) **“CSR Rules”** means the Companies (Corporate Social Responsibility Policy) Rules, 2014.

(f) **“Chairperson”** means Chairperson of CSR Committee, if any.

(g) **“CSR Committee”** means Corporate Social Responsibility Committee of the Board, as referred to in Section 135 of the Act.

(h) **“CSR Policy/ Policy”** means Corporate Social Responsibility Policy of Protium Finance Limited. “CSR Policy” means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

(i) **“CSR Programme(s)”** means any CSR projects or programmes or activities undertaken by the Company as per CSR Policy, that is in line with the activities in the areas or subjects as specified in Schedule VII of the Act, as amended;

(j) **“Implementing Agency”** shall mean such agency through which the CSR Programme of the Company may be implemented, subject to the same being any of the following:

- a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or

registered under section 12A and approved under 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;
- d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or 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.

Explanation.- For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.’

Provided that every entity mentioned above, must have registered themselves with the Central Government by filing the form CSR-1 electronically with the Registrar.

(k) “CSR Activities” means the activities to be undertaken by Protium Finance Limited in areas or subject specified in Schedule VII to the Act and specified under this Policy.

(l) “Employee” means employee of Protium Finance Limited (whether working in India or abroad).

(m) “International Organization” means an organization notified by the Central Government as an international organization under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply. “Net Profit” means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following namely-

- (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separated company or otherwise; and
- (ii) Any dividend received from other companies in India, which are covered under and Page complying with the provisions of section 135 of the Act.

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

(n) “Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding **three** years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

(o) “Public Authority” means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005)

Words and expressions used and not defined in this Policy but defined in the Act and CSR Rules shall have the same meanings respectively assigned to them in the Act and the CSR Rules.

4. CSR Vision

The CSR Vision of the Company revolves around following principles- Honesty, focus upon impact, Strengthening the relationship between communities and companies, Employee engagement, Innovation, Team building, Transparency and accountability with a holistic approach for development.

5. CSR Activities

The Company may undertake / fund projects, programs or activities of the following nature and also undertake such other activities as may be approved by the Board as per Schedule VII of the Companies Act, 2013.

- a. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water and dwelling units for poor.
- b. Promoting education, including special education and employment, enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- c. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- d. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.
- e. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
- f. Measures for the benefit of Armed Force veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Force (CPMF) veterans, and their dependents including widows.
- g. Training to promote Rural sports, Paralympic sports, Olympic sports, and nationally recognized sports.
- h. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set

up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, Scheduled Tribes, other backward classes, minorities and women.

- i. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contribution towards Public Funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies established under Department of Atomic Energy (DAE), Department of Biotechnology (DBT), Department of Science and Technology (DST), Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH), Ministry of Electronics and Information Technology namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- j. Rural development projects.
- k. Slum area development.

Explanation. - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

- l. disaster management, including relief, rehabilitation and reconstruction activities.

Such other areas within the ambit of Schedule VII of the Act as amended from time to time.

6. Project Selection and Implementation

6.1 Project Selection

Projects shall be selected on the basis of need identification studies, internal need assessment or receipt of proposals. Projects shall be evaluated against goals and milestones defined for the project together with the implementing agency (if any).

6.2 Project Implementation

6.2.1 The Board shall ensure that the CSR Activities are undertaken by the Company itself or through any of the following implementing agencies –

- (i) a company established under section 8 of the Act, or a registered public trust or a registered society exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company; or

- (ii) 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; or
- (iii) any entity established under an Act of Parliament or a State legislature; or
- (iv) company established under section 8 of the Act, or a registered public trust or a registered society exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

6.2.2 The implementation modalities may be modified from time to time.

6.2.3 The Company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this CSR policy as well as for capacity building of its own personnel for CSR.

6.2.4 All projects will have Key Performance Indicators (KPIs) to measure progress toward those goals and objectives set at the time of project definition. Based on the nature of the project, the KPIs will be defined and measured across various stages such as Inputs, Outputs, Outcome and Impact.

6.2.5 The project may define the beneficiary group as per the goal and the needs assessment / baseline study.

6.2.6 The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of respective companies (wherever Committees are been constituted as per the provisions of the Act read with CSR Rules) are in a position to report separately on such projects or programmes in accordance with the CSR Rules.

6.2.7 The annual action plan of the Company would include the manner of execution of CSR projects or programmes to be undertaken by the Company and the modalities of utilisation of funds and implementation schedules for the projects or programmes.

6.3 Partner Qualifications and Due Diligence

If Company enrolling an implementation agency, Company shall undertake measures to ensure that projects are awarded to certified implementation agencies, be its vocational training institutes, registered trusts, societies, or Section 8 Companies operating in India. The Company shall ensure that the implementation agencies have a clearly explained mission/vision and an established track record of three years in undertaking similar projects or programs. They should be able to produce their latest audit, annual reports, and registration forms according to Section 80G/12A. Potential partner NGOs will undergo comprehensive due diligence and will be checked to ensure that they fulfill the criteria listed in Section 135 read with CSR Rules.

7. Finance For CSR Projects

The Company shall present to its CSR Committee the Annual Plan of activities along with budgets at beginning of every financial year. Management shall present to the CSR Committee the details of the projects & budgets approved. The Company shall submit a half yearly progress and status report on the activities and budgets utilized in line with the CSR requirements under the Companies Act to the CSR Committee. The Company may engage an external evaluator (either CA or any other professional firm) to evaluate the project achievements and verify & confirm utilization of the budgets on an annual basis at its own cost. Overhead expenditure incurred shall not exceed five percent of the total CSR contribution made by the Company in the respective financial year or such other percentage as may be permitted from time to time.

Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

In Case the Company spends an amount in excess of requirement provided under subsection (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the following:

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
- (ii) the Board of the company shall pass a resolution to that effect

Capital asset

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –

- a. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
- b. beneficiaries of the said CSR Programme, in the form of self-help groups, collectives, entities; or
- c. a public authority.

8. Monitoring and Evaluation Policy for CSR Programs

REPORTING AND MONITORING

- a. The CSR Committee shall monitor the implementation of the CSR projects as required under the Companies Act 2013 and examine whether the funds provided by the Company are utilized in accordance with the approved plans and report to the Board of Directors or its committee. The management shall provide a detailed report of CSR activities carried out as well as budgets utilized in the prescribed format to the Company's CSR committee.
- b. In case of ongoing project, the CSR Committee 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 period.
- c. The annual action plan of the Company would include the manner of execution of CSR projects or programmes to be undertaken by the Company, the modalities of utilization of funds and implementation schedules for the projects or programmes, and monitoring and reporting mechanism for the projects or programmes and details of need & impact assessment, if any, for the projects undertaken by the Company.
- d. Form CSR – 2 shall be filed by the company as per sub rule 1B of rule 12(1) of Companies (Accounts) Rules, 2014.
- e. If for any reason, the Company is unable to utilize the entire funds provided by the Company, such unutilized funds shall be treated in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as may be amended from time to time.

9. Annual Action Plan

The CSR Committee shall formulate an Annual Action Plan in pursuance of this CSR policy, which shall include the following, namely:

- (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
- (ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4.
- (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes.
- (iv) monitoring and reporting mechanism for the projects or programmes; and
- (v) details of need and impact assessment, if any, for the projects undertaken by the company.

The CSR committee may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

10. CSR GOVERNANCE STRUCTURE:

ROLE OF THE BOARD WITH RESPECT TO UNDERTAKING THE CSR ACTIVITIES

The roles and responsibilities of the Board of Directors towards CSR shall include:

- i. constitute a CSR Committee of the Board, if applicable and required under the Act.
- ii. disclose the composition of the CSR Committee in the Board's report, if any.
- iii. approve the CSR Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any.
- iv. ensure that the activities as are included in CSR Policy of the company are undertaken by the Company.
- v. ensure that the Company spends, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of this CSR Policy.
- vi. if the Company fails to spend such amount as specified above, then in its report made under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6) of section 135 of the Act, transfer such unspent amount to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year.
- vii. if any amount remaining unspent under sub-section (5) of section 135 pursuant to any ongoing project, transfer within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- viii. satisfy itself that the CSR funds disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- ix. In case of ongoing project, 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;
- x. approve the Annual Action Plan, as recommended by the CSR Committee, if any.

- xi. alter the Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, if any, based on the reasonable justification to that effect.
- xii. ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- xiii. pass a resolution for setting off the CSR amount spent in excess of requirement provided under sub-section (5) of section 135, against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years.
- xiv. make disclosures in the Board's Report as required under Rule 8 of the CSR Rules.
- xv. undertake impact assessment as required under Rule 8 of the CSR Rules and take note of the impact assessment reports which are mandatorily required to be placed before it; and annexed to the annual report on CSR
- xvi. mandatorily disclose the composition of the CSR Committee, if any, and CSR Policy and Projects approved by the Board on website of the Company for public access.

CSR COMMITTEE

The Board of Directors of the Company have formulated a CSR Committee which has been entrusted with the responsibility of formulating a CSR Policy and ensure transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

ROLE OF THE CSR COMMITTEE WITH RESPECT TO UNDERTAKING THE CSR ACTIVITIES

The CSR Committee of the Company shall:

- i. The Committee shall annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board;
- ii. The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities;
- iii. The Committee shall monitor and ensure implementation of the projects / programmes / activities proposed to be undertaken by the Company;
- iv. The Committee may collaborate with such other agency for implementing programs and executing initiatives as per CSR Policy and shall review the performance of such other agency periodically;
- v. The Committee may form and delegate authority to subcommittees when appropriate;

- vi. The Committee shall regularly report to the Board;
- vii. The Committee shall review and reassess the adequacy of this terms of reference annually and recommend any proposed changes to the Board for approval; and
- viii. Discharge such other role/functions as may be specifically referred to the Committee by the Board of Directors in relation to Corporate Social Responsibility Policy of the Company from time to time.

Where the amount to be spent by the Company under sub-section (5) of section 135 does not exceed fifty lakh rupees, the Board is not required to constitute the CSR Committee of the Company and in such situation, the functions of such Committee, as required under that section read with the CSR Rules, will be discharged by the Board.

11. General

- a. All CSR activities and expenses made thereon will be subject to audit.
- b. Company reserves the right to modify, cancel, add, or amend any of the above rules/guidelines.
- c. Any or all provisions of the CSR policy shall be subject to revision/amendment in accordance with the applicable laws/rules/ guidelines on the subject, from time to time. This document shall be subject to periodic review at least annually in accordance with any regulatory or statutory requirement and shall be approved by the Board.
- d. In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference should be made to CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.

12. Review of the Policy

The Board of Directors shall review this Policy annually or on a need-basis i.e., in the event of change in regulatory framework or for business or operational need (whichever is earlier). Such updates / changes to the Policy will be communicated to the relevant staff /personnel (both in-house or outsourced) and relevant stakeholders across the Company.

Any deviations from this Policy can only be undertaken with the approval of the Board, unless specified otherwise in this Policy.