



## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **INTRODUCTION**

For us at Paul Merchants Finance Private Limited (PMFPL), reaching out to underserved communities is part of our rich culture. We believe in the trusteeship concept. We believe, we will be a more satisfied corporate when we operate according to the highest ethical standards, address unmet social needs, function with compassion and promote the well-being of citizens of this Country, their communities and the entire environment. We strongly believe that a responsible corporate should go beyond the Statutory compliances and put something back into the society, which has given so much to the corporate. This entails transcending business interests and doing something for the people who are grappling with the "quality of life" challenges and working towards making a meaningful difference to them.

### **OUR VISION**

"To actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index".

PMFPL is vigilant in its enforcement towards corporate principles and is committed towards sustainable development and inclusive growth. The company constantly strives to ensure strong corporate culture which emphasizes on integrating CSR values with business objective. It also pursues initiatives related to quality management, environment preservation and social awareness.

### **OBJECTIVES**

The objectives of this policy are to –

- Demonstrate commitment to the common good through responsible business practices and good governance
- Actively support the state's development agenda to ensure sustainable change
- Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models
- Engender a sense of empathy and equity among employees of PML to motivate them to give back to the society



## **APPLICABILITY**

1. CSR policy of PMFPL has been developed in line with our corporate philosophy of PMFPL, in consonance with Section 135 of the Companies Act 2013 and in accordance with the Companies (Corporate Social Responsibility Policy) Rules as amended from time to time.
2. The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the said Act.

## **DEFINITIONS**

- a. 'Act' means the Companies Act, 2013.
- b. 'Board' means the Board of Directors of the company;
- c. 'Corporate Social Responsibility (CSR)' means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely: -
  - i. activities undertaken in pursuance of normal course of business of the company;
  - 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 companies on sponsorship basis for deriving marketing benefits for its products or services; and
  - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- d. 'CSR Committee' means the committee constituted under the provisions of Section 135 of the Act;
- e. "CSR Rules" means the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time.

Terms not defined hereinabove shall have similar meaning as defined under the Act read with CSR Rules.



Please note that meaning/definition of the words/ abbreviations used in this policy shall have the same meaning as defined under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

## **CSR BUDGET**

In Compliance with the provisions of Section 135 of the Act read with the rules made thereunder, CSR Committee will recommend the annual budgeted expenditure to the Board as a part of the Annual Action Plan, for its consideration and approval for any Financial year.

## **BOARD:**

The Board of PMFPL will be responsible for:

- a. approving the CSR policy as formulated and recommended by the CSR Committee
- b. ensuring that in each Financial Year the Company spends at least 2% of the average net profit of the Company, computed as per Section 198 of the Companies Act, 2013 read over with Section 2(h) of the Rules, during the three immediate preceding financial years.
- c. Approving the Annual Action for any financial year
- d. ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively
- e. regularly monitoring the implementation of CSR policy.
- f. Such other things/matters as may be required under the Act read with the rules made thereunder.

## **CSR COMMITTEE**

- I. **Composition:** The committee will consist of three or more directors out of which, at least one will be an independent director.

The Board can reconstitute the Committee in case of any resignation or appointment of any new member in accordance with the provisions of the Act read with CSR Rules.

- II. The CSR Committee will be responsible for:
  - a. Formulating the CSR policy in compliance to section 135 of the Act
  - b. Identifying activities to be undertaken as per Schedule VII of the act



- c. Formulating and Recommending to the Board an Annual Action Plan on CSR including CSR Budget
- d. Monitoring the CSR Policy and recommending to Board, modifications to the CSR policy as and when required.
- e. Regularly monitoring the implementation of the CSR policy
- f. Supervising the implementation of the CSR activities carried out by the Company
- g. Such other things/matters as may be required under the Act read with the rules made thereunder or delegated by the Board from time to time.

### **MONITORING AND REPORTING FRAMEWORK**

The CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities undertaken by the Company under this policy. The more details are listed under guiding principles for monitoring of CSR activities.

### **SURPLUS**

Surplus arising out of CSR activities carried out by the company will not be part of business profit of the company and it shall be treated in the following manner:

- a. ploughed back into the same project; or
- b. shall be transferred to the Unspent CSR Account opened by the Company, from which the said amount shall be spent in pursuance of CSR policy and annual action plan of the Company; or
- c. such surplus will be transferred to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year.

### **CFO CERTIFICATE**

An Annual Certificate from Chief Financial Officer of the Company shall be placed before the CSR Committee as well as the Board of Directors of the Company in the first meeting held after close of Financial Year in terms of Rule 4(5) of the Rules.

### **GUIDING PRINCIPLES FOR SELECTION, IMPLEMENTATION AND MONITORING OF ACTIVITIES**



The Company shall follow the following guiding principles for selection, implementation and monitoring of CSR Activities as well as formulation of the Annual Action Plan:

**a. Guiding principles for selection of CSR initiatives:-**

- (i) CSR Committee shall recommend to the Board, the activities to be undertaken by the Company.
- (ii) The power to approve CSR activities shall vest with the Board of Directors of Paul Merchants Finance Private Limited
- (iii) All activities will be identified in an objective manner keeping in mind the ultimate beneficiaries and gauging their basic needs.
- (iv) CSR initiatives may also be taken to supplement the Central/ State Govt. Schemes
- (v) Preference shall be given to local area where the Company has its operations or has its offices or branches;
- (vi) The Company shall undertake CSR Activities only in pursuance of its CSR policy and in areas or subjects which are listed in Schedule VII of the Act as may be amended from time to time. The CSR Committee, from time to time shall choose activities out of the list to be undertaken under this policy, while recommending the Annual Action Plan and annual CSR Budget
- (vii) CSR Projects or programs or activities undertaken in India only shall be accounted as CSR Expenditure
- (viii) The Company shall not discriminate on any grounds whatsoever, including race, gender, age, ethnicity, caste, religion, domicile in implementation of its CSR activities but it may focus its CSR Activities to benefit the economically or socially weaker, or marginalised sections, of the society.
- (ix) The Company shall endeavour to maintain transparency in selection, implementation, monitoring and reporting of CSR Activities.

**b. Guiding principles for implementation of CSR initiatives:-**

- (i) The Company shall ensure that all CSR Activities undertaken directly or indirectly, meet applicable standards of quality followed by Company and/or are the market standard for such activities.
- (ii) The activities which can be implemented by PMFPL either directly or by engaging Contractors for infrastructural development shall be taken up by PMFPL
- (iii) The activities which cannot be taken up directly by PMFPL because of its nature, size and other limitations, shall be considered for implementation through implementing agencies, provided that the implementing agency



conforms to the eligibility criteria as specified in the CSR Rules and have relevant experience and good credentials. PMFPL may also collaborate with internationally/nationally reputed Foundations / Organizations.

- (iv) The Company shall ensure that all the CSR Activities are implemented as per the Annual Action Plan approved by the Board.
- (v) Where ongoing projects are implemented, the Board while approving the project shall lay down the total budget including year wise allocations, timelines, and manner of execution etc.
- (vi) The Board may approve CSR expenditure beyond the statutory limits as voluntary budget during any financial year.

**c. Guiding principles for monitoring of CSR initiatives:-**

- (i) Monitoring of CSR projects may go concurrently with implementation, to assess if the progress is on expected lines and as per budgeted.
- (ii) Like implementation, monitoring too shall be done in project mode with continuous feedback mechanism, for mid-course correction in implementation, whenever required.
- (iii) Monitoring shall be performed by CSR Committee, which can designate a team of PMFPL officials for this task to help mid-course correction, if required. CSR Committee can also engage the service of external agencies to monitor the implementation of CSR projects
- (iv) In compliance with the Act and to ensure that funds spent on CSR projects are creating the desired impact on the ground, the CSR Committee may implement a comprehensive Monitoring and Reporting framework, wherein the expenditure heads, geography covered, periodicity and distribution of expenditure over various heads may be monitored on regular basis.
- (v) the Board of the Company shall mandatorily disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on the website of the Company, for public access.
- (vi) Any surplus arising out of the CSR activities shall not form part of the business profit of a company.

**d. Guiding principles for formulation of Annual Action Plan**

Every year, the CSR Committee of the Company shall formulate and recommend to the Board an Annual Action Plan in pursuance of its 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;



**PAUL MERCHANTS**

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- (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:

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

### **PUBLICATION OF CSR POLICY**

As per the CSR Rules, the contents of the CSR Policy shall be included in the Director's Report as per the prescribed format under the Rules and same shall be displayed on the Company's website. Further details of CSR projects will be displayed on the website of the Company.

### **REVIEW**

The CSR Committee or the Board may from time to time review the CSR Policy and suggest suitable modifications, as may be required.

**Sd/-**

**(SAT PAUL BANSAL)**

**CHAIRMAN AND MANAGING DIRECTOR**

**10-08-2024**