Credifin Limited

(formerly known as PHF Leasing Limited)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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1. INTRODUCTION

1.1 Corporate Social Responsibility ("CSR") is an integral part of Credifin Limited's philosophy of sustainable business and responsible corporate citizenship. The Company recognizes that long-term business success is intrinsically linked with the economic, social and environmental well-being of the communities in which it operates.

As a responsible Non-Banking Financial Company ("NBFC"), Credifin Limited is committed to conducting its business ethically and responsibly while creating long-term value for all stakeholders through initiatives that promote inclusive growth, financial empowerment and sustainable development.

This Policy has been formulated pursuant to the provisions of **Section 135 of the Companies Act, 2013** read with the **Companies (Corporate Social Responsibility Policy) Rules, 2014**, as amended from time to time, and sets out the guiding principles, governance framework, implementation mechanism and monitoring process for undertaking Corporate Social Responsibility activities by the Company.

The Policy shall serve as the guiding framework for planning, execution, monitoring and reporting of CSR initiatives undertaken directly by the Company or through eligible implementing agencies in accordance with the applicable provisions of law.

1.2 Vision

To support responsible and sustainable initiatives, we prioritize the well-being of People, the health of the Planet, and the prosperity of our Profit. By integrating these considerations into our operations, we aim to foster positive outcomes that benefit both society and the environment.

1.3 Mission

We are dedicated to continuously improving our economic, environmental, and social performance, guided by the principles of the triple bottom line. We engage our employees and relevant stakeholders in this commitment, fostering their active involvement in driving positive change. Our goal is to create social wealth within the communities we serve, promoting sustainable development and equitable growth.

2. DEFINITIONS

Unless the context otherwise requires:

2.1 Act

"Act" means the Companies Act, 2013 and the Rules made thereunder, including any statutory modification, amendment or re-enactment thereof.

2.2 Board

"Board" means the Board of Directors of Credifin Limited.

2.3 Corporate Social Responsibility (CSR)

Corporate Social Responsibility ("CSR") means the activities undertaken by the Company in pursuance of its statutory obligation laid down under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

CSR shall not include:

- activities undertaken in the normal course of business;

- activities undertaken outside India, other than the activities undertaken for training of Indian sports personnel representing any State or Union territory at national level or India at international level, in terms of the proviso to Rule 2(1)(d)(ii) of the Companies (Corporate Social Responsibility Policy) Rules, 2014;
- contribution of any amount, directly or indirectly, to any political party under section 182 of the Act;
- activities benefitting employees of the Company, as defined in clause (k) of section 2 of the Code on Wages, 2019;
- sponsorship activities undertaken by the Company for deriving marketing benefits for its products or services; and
- activities carried out for fulfilment of any other statutory obligations under any law in force in India.

2.4 CSR Committee

"CSR Committee" means the Corporate Social Responsibility Committee constituted by the Board under Section 135 of the Companies Act, 2013.

2.5 CSR Policy

"CSR Policy" means this Corporate Social Responsibility Policy, including any amendments approved by the Board from time to time.

2.6 Administrative Overheads

"Administrative Overheads" shall have the meaning assigned under the Companies (Corporate Social Responsibility Policy) Rules, 2014.

2.7 Ongoing Project

"Ongoing Project" means a multi-year CSR project undertaken by the 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, in terms of Rule 2(1)(i) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

2.8 Net Profit

"Net Profit" shall have the meaning assigned under Section 135 of the Companies Act, 2013 read with the applicable CSR Rules.

2.9 Implementing Agency

"Implementing Agency" means an entity eligible under Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for undertaking CSR activities on behalf of the Company.

2.10 Schedule VII

"Schedule VII" means Schedule VII to the Companies Act, 2013, as amended from time to time.

3. CSR COMMITTEE: CONSTITUTION, COMPOSITION AND FUNCTIONS

3.1 The Board shall constitute a Corporate Social Responsibility Committee consisting of three or more directors, out of which at least one director shall be an Independent Director, in accordance with Section 135(1) of the Act. The composition of the CSR Committee shall be disclosed in the Board's Report forming part of the Annual Report of the Company.

3.2 Where the amount required to be spent by the Company under Section 135(5) of the Act does not exceed fifty lakh rupees, the requirement for constitution of the CSR Committee shall not be applicable and the functions of such Committee shall, in such cases, be discharged by the Board of Directors of the Company, in terms of Section 135(9) of the Act. Provided that where the Company has any amount in its Unspent Corporate Social Responsibility Account as per Section 135(6) of the Act, the Company shall constitute the CSR Committee and comply with the provisions contained in Sections 135(2) to 135(6) of the Act, in terms of the proviso to Rule 3 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as inserted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022.

3.3 The CSR Committee shall: (a) formulate and recommend to the Board the CSR Policy indicating the activities to be undertaken by the Company in areas or subjects specified in Schedule VII of the Act; (b) recommend the amount of expenditure to be incurred on such activities; (c) monitor the CSR Policy of the Company from time to time; and (d) formulate and recommend to the Board the Annual Action Plan in pursuance of the CSR Policy, in accordance with Section 135(3) of the Act read with Rule 5(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

4. IMPLEMENTATION OF CSR PROJECTS / PROGRAMMES

Subject to the provisions of the Act as applicable from time to time, the Company may carry out its CSR activities:

(a) Either by itself; OR

(b) through such Implementing Agencies permitted under the Act; OR

(c) in collaboration with other Companies.

5. THRUST AREAS

5.1 Thrust areas identified currently include activities relating to:

i) Promotion of education, vocational training (including livelihood enhancing) for the economically weaker/underprivileged sections of the society

ii) Promotion of health care (including preventive health care) and other activities including vaccination for preventing spread of the pandemic, eradication of hunger, poverty and malnutrition, etc.

iii) Rural development projects, Slum area development, Disaster management, including relief, rehabilitation, and reconstruction activities

iv) 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 set-up by the Central Government for rejuvenation of river Ganga.

v) Socio economic development and relief and welfare activities of SC/ST, other backward classes, women and minorities

vi) Promotion and development of traditional arts and culture

vii) Livelihood for under privilege & rural unemployed youths

viii) 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 arts and handicrafts;

ix) Measures for the benefit of armed forces veterans, war widows and their dependents;

x) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;

xi) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen 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 Castes, the Scheduled Tribes, other backward classes, minorities and women;

xii) Any other activities included under Schedule VII of the Act, as amended from time to time.

The above list is illustrative and not exhaustive.

6. IMPLEMENTATION OF CSR ACTIVITIES

6.1 The Corporate Social Responsibility ("CSR") Committee shall formulate and recommend to the Board an Annual Action Plan for implementation of the CSR projects and programmes approved by the Board. The Annual Action Plan shall, inter alia, specify the approved CSR projects, manner of execution, implementation schedules, modalities for utilisation of funds, monitoring and reporting mechanism, and impact assessment, wherever applicable.

The Board shall ensure that the CSR activities are undertaken by the Company either directly or through one or more eligible implementing agencies in accordance with Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

The Company may undertake its CSR activities through any of the following entities:

(a) a company established under Section 8 of the Companies Act, 2013, 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 section 80G, of the Income-tax Act, 1961, established by the Company, either singly or jointly with any other company;

(b) a company established under Section 8 of the Companies Act, 2013, or a registered trust or a registered society established by the Central Government or any 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 Companies Act, 2013, 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 section 80G, of the Income-tax Act, 1961, having an established track record of at least three years in undertaking similar CSR activities.

Every implementing agency intending to undertake CSR activities on behalf of the Company shall be required to obtain registration with the Central Government by filing e-Form CSR-1 (as substituted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025, with effect from July 14, 2025, duly verified and certified by a practising professional) and possess a valid CSR Registration Number before undertaking any CSR project or programme on behalf of the Company.

The Company may also engage International Organisations, wherever permitted under the applicable CSR Rules, for designing, monitoring and evaluation of CSR projects or programmes, or for capacity building of its personnel engaged in CSR activities.

The Company may collaborate with other companies for undertaking CSR projects or programmes, provided that the respective CSR Committees of such companies are in a position to report separately on such projects or programmes in accordance with the applicable provisions of law.

In case of Ongoing Projects, 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, in accordance with Rule 4(6) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

6.2 ANNUAL ACTION PLAN

The CSR Committee of the Board of Directors of the Company shall on an annual basis, recommend an Annual Action Plan to the Board for its approval. The Annual Action Plan shall include:

a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

b. the manner of execution of such projects or programmes;

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.

Further, the Board may during the year, at the recommendation of the CSR Committee alter such plans.

7. CSR BUDGET AND CSR EXPENDITURE:

7.1 The Board of Credifin will ensure that in each Financial Year (FY), a minimum of two percent of the average net profit (calculated as per Section 198 of the Companies Act, 2013) accrued during the three immediately preceding Financial Years (or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years) is allocated for CSR activities, projects, or programs. The Company may spend up to 5% of the total CSR expenditure in one financial year on administrative expenses relating to the general management and administration of CSR functions in the company. The Company shall give preference to the local area(s) around it where it operates, for spending the amount earmarked for CSR activities. The Board will verify that the disbursed funds have been utilized in accordance with its approved purposes and methods, with certification provided by the Chief Financial Officer or the person responsible for financial management.

7.2 If the allocated amount specified in paragraph 7.1 above is not entirely expended in a given Financial Year, the reasons for this occurrence will be outlined in accordance with the second proviso to Section 135(5) read with section 134(3)(o) of the Act, and shared with stakeholders through the Annual Report. Any amount remaining unspent, other than an amount relating to an Ongoing Project, shall be transferred by the Company to a Fund specified in Schedule VII of the Act, within a period of six months from the expiry of the financial year, in accordance with the second proviso to Section 135(5) of the Act. Any amount remaining unspent that relates to an Ongoing Project shall be transferred by the Company, within a period of thirty days from the end of the financial year, to a special account 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 of the Act, within a period of thirty days from the date of completion of the third financial year, in accordance with Section 135(6) of the Act.

7.3 In the event that the Company generates any surplus or profit from its CSR projects or programs, these proceeds will not be considered part of business profits. Instead, they will either be reinvested into the same project or transferred to the unspent CSR Account and utilized in alignment with the CSR Policy and Annual Action Plan of the Company, or they will be transferred to a fund specified in Schedule VII within six months following the end of the financial year.

7.4 In an event where CSR expenditure is in excess of requirement as per section 135 of Companies Act, 2013, such excess amount may be offset against the spending requirement for the immediate succeeding three financial years. This offsetting is subject to conditions, including that the excess amount does not include any surplus from CSR projects and that the Board of Credifin passes a resolution to this effect.

7.5 Any capital asset created or acquired using CSR funds will be held by a company established under section 8 of the Companies Act, 2013, or a registered Public Trust or Registered Society with charitable objectives and a CSR Registration Number. Alternatively, beneficiaries of the project, such as self-help groups, collectives, entities, or Public Authorities may hold the asset.

7.6 The Company shall undertake impact assessment, through an independent agency, of its CSR Projects, if the Company has an average CSR obligation of ten crore rupees or more, in pursuance of Section 135(5) of the Act, in the three immediately preceding financial years, in respect of CSR projects having outlays of one crore rupees or more and which have been completed not less than one year before undertaking the impact study, in accordance with Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

7.7 Expenditure related to Impact Assessment will be classified as Corporate Social Responsibility expenditure for the respective financial year. This expenditure shall not exceed Two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher, in accordance with Rule 8(3)(c) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022.

8. REPORTING AND DISCLOSURE

The Board's Report of Credifin for each financial year shall include an annual report on CSR in the format prescribed under Annexure II to the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as substituted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022), containing the particulars specified therein.

The Board of Directors of Credifin shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the Company and disclose the contents of such Policy in its report. The Board shall mandatorily disclose the composition of the CSR Committee, the CSR Policy and the CSR projects approved by the Board on the website, if any, of the Company, for public access, in accordance with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company shall furnish a report on Corporate Social Responsibility in e-Form CSR-2 to the Registrar of Companies, for the preceding financial year, within the timelines prescribed under Rule 12(1B) of the Companies (Accounts) Rules, 2014, as amended from time to time.

9. REVIEW AND REGULATORY SUPREMACY

This Policy shall be reviewed at least once in every year or earlier, as may be required, to incorporate changes arising from applicable laws, regulatory guidelines, supervisory instructions, or evolving business and operational requirements.

In the event of any inconsistency between the provisions of this Policy and any applicable law, regulation, circular, guideline, or direction issued by a statutory or regulatory authority (including the Reserve Bank of India), such law or regulatory requirement shall prevail to the extent of such inconsistency, and this Policy shall be deemed to be amended accordingly.

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