



INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

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Review Period	Annual
Approved by Board of Directors	03.11.2025
Version	5
Formation	21.04.2022

Version History:

Sr. No.	Version	Revision Summary	Approving Authority	Effective Date
1	Version 1	Created	Board of Directors	21.04.2022
2	Version 2	Annual review with minor changes	Board of Directors	27.09.2022
3	Version 3	Annual Review with no change	Board of Directors	28.10.2023
4	Version 4	Revision by incorporating a governance structure	Board of Directors	25.01.2025
5	Version 5	Annual review incorporating broad roles and responsibilities of committees of the board and other minor changes	Board of Directors	03.11.2025

Contents

1. INTRODUCTION AND BACKGROUND 3

2. SCOPE 3

3. GOVERNANCE STRUCTURE..... 3

1. INTRODUCTION AND BACKGROUND

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

Corporate governance is the system of rules, practices, and processes to direct and monitor the operations of a company. It essentially involves balancing the interests of a company's stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. The aim of such guidelines is to help the company attain its overall objectives/goals since it encompasses every sphere of operations, management, action plans, internal controls, and regulatory disclosure.

It is the Company’s endeavor to excel through better corporate governance and fair and transparent practices. The Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. The Company believes that sound Corporate Governance is essential for enhancing long term shareholder value. The Company manages its affairs with diligence, transparency, responsibility and accountability to generate long term value for its stakeholders on a continuous and sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels. The Company’s Governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organization. The Company has an active, experienced and a well-informed Board. The Board along with its committees undertakes its fiduciary duties towards all its stakeholders with the Corporate Governance mechanism in place.

These internal guidelines on corporate governance have been framed and adopted in lines of chapter XI of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as may be amended from time to time.

These guidelines have been duly approved by the Board of Directors of the Company and are reviewed periodically.

2. SCOPE

These guidelines would formalize the existing Corporate Governance framework and practices across the functions and operations of the Company.

Thus, in order to adopt best practices and ensure greater transparency in the operations of the Company and in order to comply with the requirements of the Master Directions, the Company has framed these ‘Internal Guidelines on Corporate Governance’ (“Policy”).

3. GOVERNANCE STRUCTURE

A. BOARD OF DIRECTORS

The Board of the Company shall provide leadership and strategic guidance to the Company's management. The Company’s management shall act in accordance with the supervision, control,

and direction by the Board. The Board plays a vital role in matters relating to formulation of various policies, its implementation and strategic issues which are crucial for the company's long-term development, success, and growth.

It is the primary responsibility of the Board of Directors to ensure overall compliance with the corporate governance framework of the Company. The Board shall provide the overall strategic direction and periodically review strategy and business plans, and oversee the actions and results of the management to ensure that the long-term objectives of enhancing stakeholders' value are met. The Board shall also, inter-alia, review and consider the investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review major legal issues, approval and adoption of quarterly/half-yearly/annual results, , major accounting provisions and write-offs, corporate restructuring, minutes of Meetings of the Audit and other Committees of the Board and information on recruitment of Key Managerial Personnels

The Board shall satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors. The Board accomplishes these functions acting directly and/ or through its Committees.

Composition of the Board

The composition of the Board shall be governed by the Articles of Association of the Company read with the applicable provisions of Companies Act, 2013 and the rules framed thereunder ("Act"). In terms of Articles of Association of the Company and the Act, the number of Directors shall not be less than 3 (three) and shall not exceed the maximum number of directors as prescribed by the Companies Act, 2013. The Directors shall act in accordance with the duties as provided under the Companies Act, 2013 ("the Act") and the Independent Directors shall abide by the Code for Independent Directors under Schedule IV of the Act.

The Board shall have a suitable combination of executive and non-executive Directors and all the Directors shall meet the "fit and proper" criteria, as prescribed by the Reserve Bank of India (RBI). The Directors bring to the Board, wide range of experience and skills and have a vital role to play in the matters, inter-alia, relating to policy formulation, implementation and strategic issues, which are crucial for the long-term development of the organization.

Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time. Further, the Board of the Company shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time.

The Board, may from time to time appoint one or more of the directors of the Board to be a Managing Director or a Whole-time Director or Manager of the Company for a fixed term in accordance with the provisions of the Act, on terms and conditions as they may deem fit and delegate such power to him as they may deem proper and from time to time remove or dismiss him or them from office and appoint another in his/their place, subject to and in accordance with the provisions of the Act.

Meetings of the Board

Meetings of the Board shall be held at least 4 (four) times a year, such that not more than 120 (one hundred and twenty) days shall intervene between two consecutive board meetings.

The Quorum for a Meeting of the Board shall be one-third of the total strength of the Board, or two Directors, whichever is higher and the same shall be maintained for the entire meeting.

The Company, in consultation with the Directors, agrees to the annual schedule of Board Meetings for a given financial year, to assist the Directors for planning, in advance, to participate in the meetings.

The remuneration, when payable to the Director(s) shall be determined by the Nomination and Remuneration Committee and shall be recommended to the Board for its consideration and approval.

B. COMMITTEES OF BOARD

The Board shall constitute various Committees which will enable the Board to deal with specific areas / activities that need a closer review and to have an appropriate structure to assist in the discharge of its duties and responsibilities.

The Committees shall operate as per the terms of reference approved by the Board. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting in subsequent meeting. In compliance with the applicable provisions of the Companies Act, 2013 and Master Direction – Scale Based Regulation and to meet business exigencies, the Company may constitute Board Committees. The Company has constituted following committees of the Board or as may constitute more as required by regulation/ business exigencies from time to time:

Sr. No.	Name of the Committee	Frequency	Broad Roles and Responsibilities
1	Audit Committee	Quarterly	The Committee is constituted as required under Section 177 of the Act and Paragraph 94.1 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended and undertakes all matters prescribed for its working therein. It is entrusted with reviewing and recommending matters pertaining to financial statements, appointment of auditors, compliance and regulatory requirements, related party transactions, adequacy of internal controls, examination of fraud cases, valuation of assets, functioning of the vigil mechanism, risk assessment, scrutiny of loans and investments, as well as other related or incidental matters.
2	Nomination and Remuneration Committee	Once in a year and as and when required	The Committee is constituted as required under Section 178 of the Act, and Paragraph 94.2 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended and undertakes all matters prescribed for its working therein. It

			is responsible for reviewing and recommending matters concerning the appointment, tenure, performance evaluation, remuneration, and exit of Directors and Key Managerial Personnel, including requirements set out under Paragraph 99 of the RBI- Scale Based Directions. The Committee also oversees the ESOPs and other related matters. In addition, it ensures compliance with the 'fit and proper' criteria for Directors, reviews the annual compliance declarations submitted by them, undertakes due diligence at the time of their initial appointment, and formulates the framework for Board evaluation.
3	Risk Management Committee	Quarterly	The Committee is constituted as required under Paragraph 39 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended and undertakes all matters prescribed for its working therein. It shall, among other responsibilities, conduct a periodic review of risks affecting the organization and the measures taken to mitigate them, assess the asset quality of loans, monitor credit and portfolio performance, and oversee matters related to the appointment or removal of the Chief Risk Officer.
4	IT Strategy Committee	Quarterly	The Committee is constituted as required under Paragraph 6 of Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023, as amended and undertakes all matters prescribed for its working therein. It reviews the functioning of the IT Steering Committee and the Information Security Committee, and oversees matters related to information technology, including information security, business continuity, cybersecurity risk assessment, disaster recovery planning, and overall preparedness.
5	CSR Committee	Once in a year and as and when required	The Committee is constituted as required under Section 135 of the Act and undertakes all matters prescribed for its working therein. It is responsible for formulating and recommending the CSR Policy and related matters to the Board, monitoring its implementation, developing and reviewing the CSR action plan, and overseeing other associated activities.
6	Stakeholders Relationship Committee	Once in a year and as and when required	The Committee is constituted as required under Section 178 of the Act and undertakes all matters prescribed for its working therein. It oversees the protection of shareholders', debenture holders', and other security holders' interests, including grievance redressal, facilitation of voting rights, review of initiatives, and related matters.

7	Customer Service Committee	Half yearly (April and October)	The Committee is constituted as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 read with Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 as amended and undertakes all matters prescribed for its working therein. The Committee regularly reviews all matters concerning customers and their grievances, whether arising from the company or its agents/partners. It also oversees issues related to the Internal Ombudsman, recommends measures to reduce the occurrence of complaints, and evaluates the effectiveness of communication channels.
9	Review Committee of Willful Defaulters	As and when required	The Committee is constituted as required under RBI Master Direction on Treatment of Willful Defaulters and Large Defaulters, dated July 30, 2024, and undertakes all matters prescribed for its working therein. The Committee supervises and advises on the classification and management of wilful and large defaulters, ensuring fairness, transparency, and compliance with RBI Master Directions. It reviews classifications, resolves disputes, validates findings, oversees recovery actions, and communicates reasoned decisions to stakeholders.
10	Asset-Liability Committee	Quarterly	The Committee is constituted as required under Annex VI of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended and undertakes all matters prescribed for its working therein. The Committee, among other responsibilities, oversees all matters concerning Asset-Liability management and ensures adherence to the Board-approved Asset-Liability Management Policy as well as the Borrowing & Investment Policy. It functions under the Risk Management Committee, to which it regularly reports.
11	IT Steering Committee	Quarterly	The Committee is constituted as required under Paragraph 7 of Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023, for the NBFC Sector and undertakes all matters prescribed for its working therein. The Committee, among other responsibilities, reviews key aspects of Information Technology, including information security, business continuity, critical or unusual cybersecurity incidents, and the allocation of IT resources. It reports its findings and recommendations to the IT Strategy Committee.

12	Information Security Committee	Quarterly	The Committee is constituted as required under Paragraph 24(b) of RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023, as amended and undertakes all matters prescribed for its working therein. The Committee is responsible for developing and implementing information and cybersecurity policies, approving and monitoring security projects and awareness initiatives, and reviewing cyber incidents.
13	Identification Committee for Willful Defaulter	As and when required	The Committee is constituted as required under RBI Master Direction on Treatment of Willful Defaulters and Large Defaulters, dated July 30, 2024, and undertakes all matters prescribed for its working therein. Committee is responsible for identifying and classifying wilful and large defaulters, investigating cases, gathering evidence, and ensuring timely reporting to Credit Information Companies. It also recommends appropriate recovery and preventive measures to uphold financial discipline and compliance with RBI Master Directions.
14	Fraud Risk Management Committee	Quarterly	The Committee is constituted as required under RBI Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies), dated July 15, 2024 and undertakes all matters prescribed for its working therein. The Committee oversees the effectiveness of fraud risk management by monitoring fraud cases, analyzing root causes, implementing mitigation measures, and strengthening internal controls and the overall risk management framework. It reviews fraud trends, sectoral or geographical concentrations, delays in detection or classification, and evaluates staff accountability, issuing detailed show-cause notices and reasoned orders where allegations of fraud are being examined.

The terms of reference and details of the above-mentioned Committees shall be determined by the Board from time to time as per Applicable Laws.

C. FIT AND PROPER CRITERIA

The Company has in place a Board approved Policy for ascertaining the Fit and Proper criteria of the Directors at the time of appointment and on a continuing basis. The Policy on the Fit and Proper Criteria is in accordance with the Master Direction.

The Board and the NRC shall ensure to obtain a declaration and undertaking from the directors giving additional information about themselves at the time of appointment . The declaration and undertaking

shall be on the lines of the format prescribed by RBI from time to time and obtain a Deed of Covenant signed by the directors in the format as prescribed by RBI .The Company shall obtain annually as on 31st March a simple declaration from the Directors the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.

All the Directors shall meet the ‘Fit and Proper’ criteria as prescribed by the RBI.

D. DISCLOSURE AND TRANSPARENCY

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees shall ensure and make necessary disclosures to the Company, Regulators, Statutory Authorities, Shareholders, or other stakeholders as may be required by the applicable laws/ policies of the Company.

In terms of the Master Directions, the Company shall put up to the Board, at regular intervals, as may be prescribed by the Board in this regard, the following:

- the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company.
- conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

Further, the following information, if applicable, shall be disclosed in the Annual Financial Statements of the Company:

- registration/ license/ authorization, by whatever name called, obtained from other financial sector regulators;
- ratings assigned by credit rating agencies and migration of ratings during the year;
- penalties, if any, levied by any regulator;
- information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and;
- Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them and other disclosures, as given in Annex XVI of the Master Directions.

E. APPOINTMENT OF THE STATUTORY AUDITORS

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors who demonstrate professional ability and independence. The Company shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically. Declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company.

The Company shall appoint/re-appoint the Statutory Auditor in accordance with the RBI circular dated 27th April, 2021 dealing with ‘Guidelines for Appointment of Statutory Central Auditors

(SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)’ as amended from time to time.

F. CHIEF RISK OFFICER (CRO)

The Company should appoint a CRO with specified role and responsibilities in terms of Master Direction – Scale Based Regulation.

Appointment of CRO

The CRO shall be a senior official in the hierarchy of the Company and shall possess adequate professional qualification/ experience in risk management.

The CRO shall be appointed for a fixed tenure with the approval of the Board.

Reporting Line

CRO shall have direct reporting lines to the MD & CEO/ ED/ RMC of the Board. In case the CRO reports to the MD & CEO/ ED, the RMC/ Board shall meet the CRO on one-to-one basis without the presence of the MD & CEO/ ED, at least on a quarterly basis. The CRO shall not have any reporting relationship with the business verticals of the Company and shall not be given any business targets. There shall not be any ‘dual hatting’ i.e. the CRO shall not be given any other responsibility.

Responsibilities of CRO

The CRO shall have such role and responsibilities as may be entrusted pursuant to the Master Direction – Scale Based Regulation, , and such functions as may be directly assigned by the RMC and Board of Directors.

G. CHIEF COMPLIANCE OFFICER (CCO)

The Company has appointed a CCO leading the compliance function with specified role and responsibilities in terms of the RBI circular on Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs dated April 11, 2022 under RBI guidelines on ‘Scale Based Regulation’.

Appointment of CCO

The CCO shall be a senior executive of the Company with a position not below three levels from the CEO/ ED. The CCO shall be appointed for a minimum fixed tenure of not less than 3 years. In exceptional cases, the Board / Board Committee may relax the minimum tenure by one year, provided appropriate succession planning is put in place. The CCO shall have a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and have sensitivity to Supervisory expectations.

Reporting Line

The CCO shall have direct reporting lines to the ED/ MD & CEO and / or Board / Board Committee. In case the CCO reports to the ED/ MD & CEO, the Board / Board Committee shall meet the CCO at quarterly intervals on a one-to-one basis, without the presence of the senior management, including ED/ MD & CEO. The CCO shall not have any reporting relationship with the business verticals. There shall not be any 'dual hatting' i.e. the CCO shall not be given any other responsibility.

H. KEY MANAGERIAL PERSONNEL

The Company shall appoint key managerial personnel (KMP), as applicable, pursuant to the provisions of section 203 of the Companies Act, 2013. The Company shall adhere to the Board approved Compensation Policy for Directors, KMP and Senior Management employee, as may be approved by the Board. Except for directorship in a subsidiary, KMP shall not hold any office (including directorships) in any other NBFC-Middle Layer or NBFC-Upper Layer. However, they can assume directorship in NBFC-Base Layer.

I. CORPORATE GOVERNANCE IN SUBSIDIARY COMPANIES

The Board shall ensure good corporate governance practices in the subsidiaries of the Company by way of monitoring of periodic details furnished to the Board.

J. HEAD OF INTERNAL AUDIT

As per the RBI Notification on Risk Based Internal Audit dated February 3, 2021 ("RBIA Notification"), all applicable Non-Banking Financial Companies with asset size of ₹5,000 crore and above are required to appoint a Head of Internal Audit ("HIA"), who shall be a senior executive with the ability to exercise independent judgement. In compliance with the said requirement, the Company has appointed a HIA. The HIA, along with the internal audit functionaries, shall have the authority to communicate with any staff member and full access to all records, documents and information necessary to effectively discharge the responsibilities entrusted to the Internal Audit function.

K. REVIEW

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).