ARKA FINCAP LIMITED
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2026

Policy for Selection of Directors and Determining Directors' Independence

POLICY DOCUMENT – 041

Policy on 041 - Policy for Selection of Directors and Determining Directors' Independence

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INTRODUCTION **4**
SCOPE AND EXCLUSION **4**
TERMS AND REFERENCES **4**
POLICY **4**
PERIODIC REVIEW **6**

1. INTRODUCTION

i. Arka Fincap Limited (AFL) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, AFL ensures the constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

ii. AFL recognises the importance of Independent Directors in achieving the effectiveness of the Board. AFL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. SCOPE AND EXCLUSION

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company

3. TERMS AND REFERENCES

In this Policy, the following terms shall have the following meanings:

i. "Director" means a director appointed to the Board of a company.

ii. "Nomination and Remuneration Committee" means the committee constituted by AFL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 ('the Act') as amended from time to time.

iii. "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Act, as amended from time to time.

4. POLICY

a. Qualifications and criteria

i. The Nomination and Remuneration Committee (NRC), and the Board, shall review skills, expertise, competences, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's global operations.

ii. In evaluating the suitability of individual Board members, the NRC may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background;
- Skills, expertise and competences
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

iii. The proposed appointee shall also fulfil the following requirements:

- Shall possess a Director Identification Number or any other identification number prescribed by the Central Government which shall be treated as Director Identification Number for the purposes of the Act;
- Shall not be disqualified under the Act, or pursuant to any order of Securities and Exchange Board of India or any other such authority;
- Shall give his written consent to act as a Director;
- Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the Board in every financial year and whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Act, Listing Regulations and other relevant laws.

iv. The NRC shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance with the objective of having a group that best enables the success of the Company's business.

b. Criteria of Independence

i. The NRC shall assess the independence of Directors at the time of appointment / reappointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

ii. The criteria of independence, shall be, as laid down in Act and other relevant laws, if any, as amended from time to time.

iii. The Independent Directors shall abide by the “Code for Independent Directors” as

specified in Schedule IV to the Act.

c. Other Directorships / Committee Memberships

The Board members are expected to have adequate time, expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

i. A Director shall not serve as Director / Independent Director in such number of companies as may be prescribed under Act and other relevant laws, if any.

ii. A Director shall not be a member or act as Chairman of such a number of companies as may be prescribed under the Act and other relevant laws, if any.

5. PERIODIC REVIEW:

NRC shall, as and when required, assess the adequacy of this Policy and make any requisite modifications / amendments to ensure it remains consistent with the Vision statement and the Board's objectives and prevailing Regulatory requirements from time to time.

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