August 6, 2025

Mr. Srikumar Vijayasekharan
Ritsika, No.2, 1st Cross
Atmananda Colony, Sultanpalya,
Bangalore 560032

Re : **Appointment as an Independent Director**

Dear Sir,

We are pleased to inform you that Board of Directors of the Company ("the Board") at its Meeting held on July 25, 2025 and Members of the Company at their Annual General Meeting held on August 6, 2025 have approved your appointment as an Independent Director of Arka Fincap Limited **("AFL" or "the Company").**

This letter sets out the broad terms of your appointment as an Independent Director on the Board of the Company and are subject to the applicable provisions of the Companies Act, 2013 ("**the Act**"), Schedule IV to the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

We are eager to have you as an integral part of the growth of our Company.

I **Terms of Appointment**:

You are appointed as an Independent Director for a term of 5(five) consecutive years with effect from July 26, 2025 till July 25, 2030 unless terminated earlier by either parties i.e., the Company or yourself, by providing a written notice to this effect and subject to compliance with the Act and SEBI Listing Regulations.

Your appointment as an Independent Director on the Board of the Company is pursuant to the provisions of the Act, the Code of Independent Directors in Schedule IV thereto, SEBI Listing Regulations, the Articles of Association of the Company and subject to you meeting independence criteria prescribed under the Act and SEBI Listing Regulations, as amended.

As an Independent Director you will not be liable to retire by rotation.

Your appointment as an Independent Director of the Company was based, inter alia, on the declaration by you that you comply with the conditions of independence as listed in the Act and SEBI Listing Regulations. If there is any change in the circumstances that may affect your status as an Independent Director of the Company, you are required to immediately let the Board know of the same.

II **Appointment on the Committees of the Board**:

Various Committees are constituted, from time to time to enable the Board of the Company to effectively discharge its responsibilities.

You may be requested to serve as a Member/Chairman of one or more Committee(s), which are constituted from time to time. Your appointment on the Committee(s) would be subject to the applicable regulatory provisions.

III **<u>Arka Fincap Limited and its Board</u>**:

AFL is incorporated under the provisions of the Companies Act, 2013 on April 20, 2018 and is registered as a Non-Deposit taking Non-Banking Financial Company (NBFC) categorised as Middle Layer in terms of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Board of Directors of the Company consists of Executive, Non-Executive and Independent Directors.

IV **<u>Roles, Duties and Responsibilities</u>**:

You are expected to discharge duties as an Independent Director in accordance with the provisions of the Act, SEBI Listing Regulations and Code for Independent Directors as provided in Schedule IV to the Act.

You will exercise your powers as a Non-Executive Independent Director having regard to applicable obligations under prevailing rules and regulations, including provisions of the Act and SEBI Listing Regulations.

As an Independent Director, besides the functions and duties applicable to every director or the functions or duties of the Board collectively, you have several duties as set out in Schedule IV of the Act. You shall at all times abide to the "Code for Independent Directors" as outlined in Schedule IV to the Act, as extracted in this letter as **Annexure A** and duties of directors as provided in the Act (including Section 166) and SEBI Listing Regulations.

You will also be responsible for providing guidance on the areas of your expertise.

V **<u>Time Commitment</u>**:

Considering the nature of role of a director, it is difficult for a Company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

You are expected to attend:

a) Meetings of the Board of the Company
b) General Meetings of the Company.
c) Meetings of various Committees of which you are a Member / Chairman
d) Separate meetings of the Independent Directors.
e) Other Meetings/discussions/trainings/sessions, if any.

VI **<u>Remuneration and Expenses</u>**:

As an Independent Director, you will be entitled to sitting fees approved by the Board of Directors, from time to time for every Board Meeting and Committee Meeting(s), in which you are member/chairman, attended by you during your term of appointment.

Further, the Company may pay or reimburse to you such expenditure, as may have been incurred by you while performing your role an Independent Director of the Company. This could include reimbursement of expenditure incurred by you for accommodation, travel and any out-of-pocket expenses for attending Board/Committee meetings, General Meetings, court convened meetings, meetings with shareholders/creditors/ management, site visits, induction and training (organized by the Company for Directors).

In addition to the sitting fees, commission that may be determined by the Board of Directors, from time to time, may also be payable to you. In determining the amount of this commission, the Board of Directors supported by the Nomination and Remuneration Committee may consider performance of the Company and your performance as evaluated by the Board.

VII **Training**

The Company may, if required, conduct formal training program for its Independent Directors which may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members;
- Company's vision, strategic direction, core values, ethics and corporate governance practices;
- Familiarization with financial matters, management team and business operations; and
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

VIII **List of actions not to be done while discharging your functions**

You are expected to perform duties in statutory as well as fiduciary capacity, faithfully, efficiently and diligently to a standard commensurate with your role, experience and expertise.

The illustrative list of actions as specified under the Act which should not be performed by you as an Independent Director while discharging your functions as such in the Company is given below:

- Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- Not do anything which will lead to having an actual or potential conflict of interest with the Company. In case, such situation arises, you shall discuss the matter with the Managing Director of the Company immediately.
- Not achieve or attempt to achieve any undue gain or advantage for yourself or for your relatives, partners, or associates.

IX **Confidentiality**:

You acknowledge that all information acquired during your association with the Company is private/confidential and should not be released, communicated, nor disclosed to third parties without prior clearance.

This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.

Unless specifically authorised by the Company, you shall not disclose Company and business information to constituencies such as the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers. Your obligation of confidentiality shall survive cessation of your directorship with the Company.

You acknowledge the need to hold and retain the Company information in whatever format you may receive it under appropriately secure conditions.

X **Price Sensitive Information and Dealing in the Company's or its Holding or its Associate Companies' listed securities**:

Your attention is drawn to the requirements under the Act, SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended and the internal code of the Company and ensure compliance with the same.

Being on Board of the Company, you may receive Unpublished Price Sensitive Information (UPSI) in respect of Kirloskar Oil Engines Limited or other listed entities of Kirloskar Group. However, in terms Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and by way of abundant caution, you are requested not to divulge the information to any person / entity nor trade in the listed securities of such companies when in possession of UPSI.

XI **Performance Appraisal/Evaluation Process**

As a member of the Board, your performance as well as the performance of the entire Board, its committees and individual directors will be evaluated annually in accordance with the provisions of the Act and SEBI Listing Regulations. The actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee(s) / Individual Director.

XII **Disclosures, other directorships and business interests**

During your term as an Independent Director, you agree to promptly notify the Company of any change in your directorships/committee position in other companies and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as an Independent Director of the Company, you shall promptly disclose the same to the Company Secretary. By signing this letter, you hereby confirm that as on the date of this letter, you have no such conflict of interest with your existing directorships.

So long as you are an Independent Director of the Company, you will ensure that you do not get disqualified to act as a director pursuant to the provisions of the Act including Section 164 and SEBI Listing Regulations.

XIII **Disengagement:**

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later.

Your directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term (subject to compliance with relevant provisions of the Act) upon:

- Violation of any provision of the Code of Conduct as applicable to Non-Executive Directors; and
- Upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

XIV **Insurance**:

The Company has Directors' and Officers' Liability insurance in place, and it is intended to maintain such cover for the full term of your appointment as a Director of the Company, subject to the terms of such policy in force from time to time.

Please confirm your acceptance of the above terms by signing and returning the enclosed duplicate copy of this letter.

We thank you for your continued support and commitment to the Company.

Sincerely,

For Arka Fincap Limited

Sd/-
Samrat Gupta
Managing Director

AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same.

Sd/-
Srikumar Vijayasekharan
DIN: 07810464
Independent Director

<u>**Annexure A**</u>
<u>**Code for Independent Directors**</u>
<u>**Schedule IV to Companies Act, 2013**</u>

The Code is a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of Independent Directors

I. <u>Guidelines of professional conduct</u>:

An Independent Director shall:

(1) uphold ethical standards of integrity and probity;
(2) act objectively and constructively while exercising his duties;
(3) exercise his responsibilities in a bona fide manner in the interest of the company;
(4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
(5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
(6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
(7) refrain from any action that would lead to loss of his independence;
(8) where circumstances arise, which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
(9) assist the company in implementing the best corporate governance practices.

II. <u>Role and functions</u>:

The Independent Directors shall:
(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
(2) bring an objective view in the evaluation of the performance of board and management;
(3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
(4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
(5) safeguard the interests of all stakeholders, particularly the minority shareholders
(6) balance the conflicting interest of the stakeholders;
(7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
(8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. **Duties**:

The Independent Directors shall:

(1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
(2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
(3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
(4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
(5) strive to attend the general meetings of the company;
(6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
(7) keep themselves well informed about the company and the external environment in which it operates;
(8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
(9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
(10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
(11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
(12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
(13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. **Manner of Appointment**:

(1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
(2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
(3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
(4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
   (a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
(d) provision for Directors and Officers (D and O) insurance, if any;
(e) the Code of Business Ethics that the company expects its directors and employees to follow;
(f) the list of actions that a director should not do while functioning as such in the company; and
(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
(6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of Independent Director shall be on the basis of report of performance evaluation

VI. Resignation or Removal:

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within "three months" from the date of such resignation or removal, as the case may be
(3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate Meetings:

(1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
(2) All the independent directors of the company shall strive to be present at such meeting;
(3) The meeting shall:
(a) review the performance of non-independent directors and the Board as a whole;
(b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
(c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation Mechanism:

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated;
(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.