ARKA FINCAP LIMITED
2504, 2505, 2506, 25TH FLOOR, ONE LODHA PLACE, LODHA WORLD TOWERS
SENAPATI BAPAT MARG, LOWER PAREL, MUMBAI – 400013

2026

Corporate Social Responsibility Policy ('CSR Policy')

POLICY DOCUMENT – 019

Policy no 019- CSR Policy

Action	Entity	Signature
Created by	Secretarial Team	
Reviewed by	Corporate Social Responsibility Committee	
Approved by	Board of Directors	
Version	4.0	

Version History

Version No.	Particulars	Details
1	Original Policy approved by Board	-
2	Amendments to the Policy	The amendments in the Policy are made to align with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Rules), 2014
3	Changes on account of Annual Review	Minor cosmetic changes and address updation during the Annual Review of Policy
4	Changes on account of Annual Review	RBI Regulation reference change and minor cosmetic changes during the Annual Review of Policy

BACKGROUND:

Arka Fincap Limited ('AFL' or 'Company') is registered with the Reserve Bank of India (RBI) as a Non-Deposit taking Non-Banking Financial Company and is categorised as Middle Layer in terms of Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025.

AFL aims at conducting its business in a way that the Company achieves its business goals and objectives with a due consideration of community's economic, environmental and social aspirations and therefore commits to integrate Corporate Social Responsibility ("CSR") with its business processes.

TITLE AND APPLICABILITY:

AFL has developed this policy titled 'Corporate Social Responsibility Policy' ('CSR Policy') encompassing the Company's philosophy for being a responsible corporate and lays down the principles and mechanism for undertaking various programmes in accordance with Section 135 of the Companies Act, 2013 as amended from time to time (the 'Act') read along with the Companies (Corporate Social Responsibility) Rules, 2014 ("CSR Rules").

The CSR Policy shall guide the CSR programmes and activities undertaken by the Company in the geography/ communities in which it operates, including the identification and monitoring of CSR projects in keeping with the spirit of the Policy.

CSR VISION STATEMENT:

The Company, through its CSR projects, will enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, to promote sustained growth for the society and community, in fulfilment of its role as a Socially Responsible Corporate Citizen. The ultimate aim of the CSR projects will be to benefit the communities at large and over a period of time enhance the quality of life and economic well-being of the local populace.

CSR PROGRAMMES/ PROJECTS:

The Company shall undertake CSR projects broadly falling within the thematic areas as per Schedule VII of the Act given below:

(1) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

(2) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(3) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(4) Ensuring environmental sustainability, ecological balance, protection of flora and fauna,

animal welfare, agroforestry, 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;

(5) 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;

(6) Measures for the benefit of armed forces veterans, war widows and their dependents Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(7) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

(8) 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;

(9) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(10) Rural development projects;

(11) Slum area development;

Explanation - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(12) Disaster management, including relief, rehabilitation and reconstruction activities; and

(13) Any other activities allowed under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

WHAT IS NOT A CSR ACTIVITY:

Following activities will not be considered as CSR activity:

- 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;
- Activities that benefit only the employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- contribution of any amount directly or indirectly to any political party under the provisions of the Companies Act, 2013;
- activities undertaken in pursuance of normal course of business of a Company;
- activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- activities carried out for fulfilment of any other statutory obligations under any law in force in India.

CSR EXPENDITURE:

In terms of the provisions of Section 135 of the Act read with CSR Rules, the Company shall spend, in every financial year, atleast 2% of the average net profits of the Company made during the 3 immediately preceding financial years towards CSR activities.

The administrative overheads shall not exceed 5% of total CSR expenditure for the financial year. Any surplus arising out of the CSR activities shall not form part of the business profit and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan or transfer such surplus amount to a Fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year.

If a company spends an amount in excess of requirement of 2% as mentioned aforesaid, such excess amount may be set off against the requirement to spend against CSR activity up to immediate succeeding three financial years subject to the conditions that (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, and (ii) the Board of the company shall pass a resolution to that effect.

GOVERNANCE:

The Company shall constitute Corporate Social Responsibility Committee ("CSR Committee") consisting of three or more directors, out of which at least 1 director shall be an independent director in accordance with the Act read with the CSR Rules.

The CSR Committee shall perform the activities as may be specified in the Act read with the CSR Rules and/or delegated by the Board of Directors including the following:

(a) formulate and recommend to the Board of Directors, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; and

(c) monitor the Corporate Social Responsibility Policy of the company from time to time.

The Board of Directors shall, inter alia:

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the Company's website; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

IMPLEMENTATION PROCESS:

The CSR Committee shall recommend to the Board of Directors for their approval, the CSR programmes/ projects, specifying modalities of its execution and the amount of expenditure to be incurred on the CSR programmes/ projects.

CSR Committee will satisfy itself about the projects, their efficacy, implementation schedule, project timeline, budget etc., as well as ensuring that the projects fall within the areas mentioned in the Act / CSR Rules. Based on its deliberations, the Committee will recommend to the Board of Directors, the projects and the amount to be allocated for the same.

The Company can undertake CSR activities by itself or through implementing agencies in accordance with the Act read with the CSR Rules.

The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR. Further, the Company can also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with the CSR Rules.

ANNUAL ACTION PLAN:

The CSR Committee shall formulate and recommend to the Board of Directors an Annual Action Plan in accordance with this Policy and the Act read with the CSR Rules which shall include the following:

a. the list of CSR projects or programmes 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;

The Board of Directors can alter the annual action plan at any time during a financial year as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

The time period/ duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the program. In case of an ongoing project, the Board of Directors of the Company to monitor the implementation of the CSR Project/programme with reference to approved timelines and year-wise allocation and shall can also approve modifications, if required, for smooth implementation of the CSR project/programme within the overall permissible time period.

The Board of Directors to monitor and satisfy itself that the funds so disbursed for CSR projects/programmes have been utilized for the purposes so approved by it. Further, A certificate from the Chief Financial Officer certifying that the funds disbursed have been utilized for the purposes and in the manner as approved by the Board of Directors shall be placed before the Board of Directors every year.

REPORTING FRAMEWORK AND IMPACT ASSESSMENT:

The Board's Report pertaining to any financial year shall include an annual report on CSR containing particulars specified in the Act read with the CSR Rules.

If the average CSR Obligation of the Company is Rs. 10 Crores or more in the 3 immediately preceding financial years, then pursuant to the Act read with the CSR Rules, the Company shall undertake impact assessment, through an independent agency, of its CSR projects having outlays of Rs. 1 Crore or more, and which have been completed not less than one year before undertaking the impact study.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. If impact assessment is undertaken, the Company may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 2% of the total CSR expenditure for that financial year or Rs. 50 lakhs, whichever is higher.

The Company shall mandatorily disclose the composition of the CSR Committee and CSR Policy and Projects approved by the Board of Directors on its website.

UNSPENT CSR EXPENDITURE:

If the company fails to spend the amount required to be spend towards CSR activities in terms of the Act and the CSR Rules, the Company shall, in its Board's Report specify the reasons for not spending the amount and transfer the unpent amount in the manner specified in the Act read with the CSR Rules.

If any amount remaining unspent to any ongoing project undertaken by a company in pursuance to this Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be 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 Corporate Social Responsibility within a period of three financial years from the date of such transfer.

REVIEW/AMENDMENT TO CSR POLICY:

The Board of Directors shall review the CSR Policy at least once in a financial year. Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company, based on the recommendations of CSR Committee.