

ARKA FINCAP LIMITED

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SENAPATI BAPAT MARG, | MUMBAI 400013

2020

Corporate Social Responsibility Policy (‘CSR Policy’)

POLICY DOCUMENT – 019

Policy no 019- CSR Policy

Action	Entity	Signature
Created by	Amit Bondre	
Reviewed by	Avinash Bagul	
Approved by	CEO	
Approved by	Board / CSR Committee	
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Version	1.0	

Version History

Version No.	Particulars	Details
1	Original Policy approved by Board	

BACKGROUND:

Arka Fincap Limited ('AFL' or 'Company') is registered with the Reserve Bank of India (RBI) as a Non-Systemically Important Non-Deposit Accepting Non-Banking Financial Company (NBFC-ND-SI).

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 'AFL Corporate Social Responsibility Policy' ('CSR Policy') encompassing the Company's philosophy for being a responsible corporate citizen 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 rules and schedules framed therein for the Company at large.

The CSR Policy shall guide the CSR programmes and activities undertaken by the Company in the geography/ communities in which it operates.

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, so as 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. Employment and livelihood creation, Millennium Development Goals (MDG) and global concerns such as climate change will be considered as guides in setting up the CSR projects.

DEFINITIONS:

In this CSR Policy, unless the context otherwise requires,

- (a) "Act" means the Companies Act, 2013 and rules made thereunder (as amended from time to time);
- (b) "Board" means the Board of Directors of the Company and will include any Committee of the Board;

- (c) “Corporate Social Responsibility (CSR)” means and includes:
- i. Projects or programs relating to activities specified in **Schedule VII** to the Act as amended from time to time; or
 - ii. Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the CSR Committee as per CSR Policy of the Company subject to condition that such policy shall cover subjects enumerated in **Schedule VII** of the Act as amended from time to time.
- (d) “CSR Committee” shall mean the committee of the Board framed pursuant to Section 135 of the Act;

The word and expression used and not defined in this policy but defined in the Act shall have the same meaning respectively assigned to them in Act.

CSR PROGRAMMES/ PROJECTS:

- (1) Support capacity building through skills-based training programs with a focus on employment and entrepreneurship, functional literacy, financial literacy and inclusion.
- (2) Follow a livelihood centred approach to holistic development of the target beneficiaries by undertaking context driven income generation activities.
- (3) Support quality education including special education, and strengthening of education infrastructure.
- (4) Support interventions in the area of healthcare and nutrition, safe and adequate drinking water, sports, environmental sustainability, ecological balance, natural resource protection and conservation disaster relief, any other form of rural development thereby enabling an improved quality of life and resource security in the catchment areas of its infrastructure projects.
- (5) Strengthen linkages of the community with existing government schemes and programs related to social infrastructure and help build and sustain community institutions.
- (6) promoting gender equality, empowering women and enhancing women employment.
- (7) Undertake any other activity / initiative as directed by the CSR Committee, and within the purview of Schedule VII of the Companies Act as amended from time to time.
- (8) Conduct periodic impact assessment of the CSR projects.

WHAT IS NOT A CSR ACTIVITY:

Following activities will not be considered as CSR activities:

- that benefit only the employees of the Company and their families;
- 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.

CSR BUDGET:

AFL shall endeavor that funds to the tune of at least 2% of the average net profits of the Company during the immediately preceding three financial years is allocated towards the CSR programmes/ projects as mentioned above. The CSR Committee will recommend the allocation of funds for each programme or project or activities for approval by the Board.

The Company may collaborate or pool resources with other organization or companies to undertake CSR activities.

IMPLEMENTATION PROCESS:

- CSR programmes/ projects to be undertaken by the Company will be identified by the CSR Committee;
- The CSR Committee shall recommend the CSR programmes/ projects, specifying modalities of its execution and the amount of expenditure to be incurred on the programmes/ projects;
- Upon recommendations of the CSR Committee, the Board shall specifically approve such CSR projects/programs and the amount of expenditure;
- 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;
- The mode of implementation of CSR programmes/ projects may include a combination of direct implementation or implementation through government, own foundation, charity partners, registered societies, civil societies, social partners etc. The Company will select its partners after appropriate due diligence;
- The Company may engage the services of external expert agencies, consultancy firms etc for carrying out any survey, assessment or report with regards to any CSR programmes/ projects to be undertaken by the Company;

- Any surplus arising out of the CSR Projects or programs or activities shall not form part of the business profit of the Company;
- The CSR Committee is authorized to settle all queries, differences or doubts that may arise in relation to the implementation of the CSR programmes/ projects as may be approved by the Board.

ROLES & RESPONSIBILITY OF THE BOARD:

The Board of Directors will be responsible for:

- i. Constitution of CSR Committee;
- ii. Approving the CSR Policy as formulated & recommended by the CSR Committee;
- iii. Upon recommendation of CSR Committee consider and approve CSR programmes/ projects to be undertaken by the Company and amount of expenditure to be incurred on each of the CSR programmes/ projects;
- iv. Ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR programmes/ projects;
- v. Disclosing in its Annual Report names of CSR Committee members, the content of the CSR Policy and ensure annual reporting of its CSR activities on the Company website and elsewhere as appropriate;
- vi. Ensuring that it specifies the reasons in its report for not spending the allocated amount in case the Company fails to spend such amount.

The CSR Committee will be responsible to:

- i. Formulate and recommend the CSR Policy to the Board for approval;
- ii. Identify specific CSR programmes/ projects areas to be undertaken during the financial year at the start of the financial year;
- iii. Recommend to the Board for its consideration and approval CSR programmes/ projects identified and to be undertaken during the financial year which are in lines with the activities specified in Schedule VII as amended from time to time and amount of expenditure to be incurred for each programmes/ projects;
- iv. Identify CSR Team for implementation of CSR programmes and projects;

- v. Monitor the CSR Policy, CSR programmes/ projects from time to time and recommend changes to the Board;
- vi. Constitute a transparent monitoring mechanism for ensuring implementation of the CSR programmes/ projects undertaken by the Company;
- vii. Update the Board on the status of CSR programmes/ projects undertaken by the Company during the financial year and amount of expenditure incurred.

MONITORING AND REPORTING FRAMEWORK:

The CSR Committee will institute a suitable monitoring and evaluation mechanism to ensure that each CSR programme/ project has:

- Clear objectives developed out of the societal needs;
- Clear targets, time lines and measurable parameters wherever possible;
- A progress monitoring and reporting framework that is aligned with the requirement of the Act;

Progress on CSR initiatives will be reviewed and monitored on a half yearly basis by the CSR Committee and annually by the Board.

REVIEW OF CSR POLICY:

The Board shall review the CSR Policy at least once a year.

EFFECTIVE DATE:

This CSR Policy shall be effective soon after approval of the Board i.e. October 21, 2020.